



PEOPLES™

MAKING YOUR LIFE BETTER.

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VIA ELECTRONIC FILING

April 24, 2020

Rosemary Chiavetta

Executive Secretary

Pennsylvania Public Utility Commission

P.O. Box 3265

Harrisburg, PA 17105

Re: Docket No.: P-2020-3017641 - Universal Service and Energy Conservation Plan

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Peoples Natural Gas Company LLC (“Peoples”) is an Amendment to Peoples’ proposed 2019 – 2021 Universal Service and Energy Conservation Plan (“USECP”). This proposed Plan is pending review by the Public Utility Commission at the aforementioned docket number.

Pursuant to the Final Opinion and Order in Docket A-2018-3006061 (Joint Application of Aqua America Inc., Aqua Pennsylvania Inc., Aqua Pennsylvania Wastewater Inc., and Peoples Natural Gas Company LLC for All of the Authority and Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC by Way of the Purchase of All of LDC Funding LLC’s Membership Interests by Aqua America Inc.), the USECP has been amended to reflect modifications agreed to in the as amended and approved by the Final Order. Of note, the USECP has been amended to include:

- An increase to Emergency Repair budgets of \$75,000
- An expansion of eligibility for Emergency Repair budgets, allowing up to 25% of the annual budget to be used to service renters
- An increase to the Hardship Fund of \$100,000.

Enclosed with this filing is a redlined copy and a clean copy of the amended USECP along with the following supplemental information:

1. Needs assessment identifying eligible households for the Low Income Usage Reduction Program
2. Projected participation levels for the Hardship Fund
3. Questions and responses shared informally between BCS, Peoples and other parties to the USECP proceeding
4. CAP projections, updated 2/28/20

5. CAP projections specific to customers with incomes between 151 and 200% Federal Poverty Levels

****Please note that items 3, 4 and 5 were previously shared informally with BCS staff and other parties in the proceeding.**

Please contact the Rita Black (412-208-6530) or the undersigned should you have any questions or require further information regarding this filing.

Very truly yours,



Jennifer L. Petrisek
Senior Counsel

cc (all via email):

Joseph Magee, Bureau of Consumer Services
Jennifer Johnson, Bureau of Consumer Services
Alexis Bechtel, Bureau of Consumer Services
Christina Chase-Pettis, Office of Communications
Shari A. Williams, Office of Communications
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Christy Appleby, Office of Consumer Advocate
John R. Evans, Office of Small Business Advocate
Richard Kanaskie, Bureau of Investigation & Enforcement
Elizabeth Marx, Pennsylvania Utility Law Project

REDLINE VERSION OF USECP

REDLINE VERSION

**Peoples Natural Gas Company LLC
And Peoples Gas Company LLC**

**UNIVERSAL SERVICE
AND
ENERGY CONSERVATION PLAN**

2019-2024

Amended 1/3/20 to reflect changes provided in the Addendum submitted in response to the Final Policy Statement and Order entered November 5, 2019 (Docket M-2019-3012599)

Additional modifications made as a result of the approval of Peoples Natural Gas' base rate increase, effective October 29, 2019 (Docket No. R-2018-3006818)

Amended 4/23/20 to reflect changes provided in approved settlement to the Joint Application of Aqua America and the Peoples Companies (Docket No. A-2018-3006061)

Peoples
375 North Shore Drive
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1. Attachment A -- Independent Evaluation Performed by APPRISE
2. Attachment B -- Sample CAP Bill
3. Attachment C -- LIURP Customer Pledge and Action Plan Forms
4. Attachment D -- Energy Conservation Education
5. Attachment E -- Programs Booklet
6. Attachment F -- Consumer Education & Outreach Plan

UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN

Overview

The Peoples Natural Gas Company (Peoples) submitted its current Universal Service Plan on July 16, 2014¹. It was approved by Final Order on December 17, 2015. The Plan incorporated the best practices of the Peoples and Equitable Divisions of Peoples Natural Gas and included an expansion of the Customer Assistance Program under a Pilot that allowed for participation for customers with significant balances and incomes between 151 and 200% of Federal Poverty Levels. The Company further amended the plan in 2016 to include an Emergency Furnace and Line Repair Program for the Equitable Division².

The Company has an active Universal Service Advisory Group (USAG) whose members include representatives from Office of Consumer Advocate, the PA Public Utility Commission's Office of Investigation & Enforcement and Bureau of Consumer Services, Public Utility Law Project, and local community partners such as Women's Center and Shelter of Pittsburgh, Salvation Army, Allegheny County Department of Aging, United Way PA 2-1-1, Catholic Charities and others. The USAG meets quarterly in January, April, July and October. The group provides valuable input into the outreach methods and communication efforts for the Company's Universal Service programs. It also has an important role in advising the Company on appropriate budgets, eligibility and program parameters. The input of the USAG was crucial to the development of this Plan and the changes proposed are reflective of the engagement of the group. The group's goal is to ensure the programs offered by the Company increase affordability, reach the vulnerable populations who need them and are managed effectively.

This Plan no longer includes the LIURP Pilot Community Partnership program. This program was designed to provide financial support to local organizations that offered energy conservation events and or programs in the Peoples Division service territory. The annual budget was \$50,000. When the program was launched in 2011, interest from partnering organizations was high and Peoples was able to support some very valuable conservation education programs. Over time, the number of proposals for support have continued to drop and in 2017, Peoples sponsored only one project and used the remaining funds to provide energy conservation programs developed and presented by Peoples' Energy Consultants. Therefore, the Company proposed, and the USAG agreed, that these annual funds would be better spent in the LIURP weatherization program, providing more available dollars to increase random inspections as well as health and safety spending. A letter of notification was submitted to the Bureau of Consumer Services on June 26, 2018 regarding the elimination of this program and use of these funds in the LIURP weatherization program. The transfer of the \$50,000 from the Community Partnership for Weatherization Program to LIURP is reflected in the LIURP budgets provided in this Plan.

¹ Docket M-2014-2432515

² Dockets P-2016-2562220 and M-2014-2432515

Plan Submission

This Plan will be in effect during the period from January 1, 2019 through December 31, 2021 and will be implemented upon approval by the Commission.

Plan Modifications

This Plan contains budgets and descriptions of the Universal Service programs offered by Peoples Gas Company LLC (formerly Peoples TWP) which is an affiliate of Peoples Natural Gas. As a small Natural Gas Distribution Company in Pennsylvania, Peoples Gas Company LLC is not required to submit a formal Plan for approval. However, because the processes and procedures of the Plan are so closely tied to that of Peoples Natural Gas, and because the third party administrators for the programs are the same, the Company has chosen to include information on both companies' programs in this Plan.

The proposed modifications, which are highlighted below, represent the Company's efforts to continually improve the effectiveness and efficiency of its Universal Service Program offerings. Proposed changes were developed from feedback received in the Independent Evaluation of 2017 and the input of the Company's USAG. The CAP Plus modification provided in this Plan was developed following data analysis and discussion of a working group whose members were Office of Consumer Advocate, PA PUC Office of Investigation and Enforcement and members of Public Utility Law Project (PULP). This CAP Plus modification is intended as an interim measure to positively impact affordability until the Commission provides further guidance regarding CAP designs following its study of affordability in Pennsylvania.

Customer Assistance Program

- Partnership with Duquesne Light to assist customers in enrolling in CAP for both companies with one income documentation submission.
- The CAP Plus calculation has been modified in an effort to maintain the affordability of CAP. The CAP Plus amount will continue to be calculated under the same methodology (i.e. LIHEAP receipts divided by CAP participants to arrive at a monthly CAP Plus charge), however the level of CAP Plus added to CAP participant bills will be limited to \$5 if the calculated amount exceeds \$5.
- Provision added to allow customers to re-enter CAP up to 9 months after termination or removal, maintaining the same pre-CAP amount as existed prior to their exit.
- Limit the use of LIHEAP receipts in lieu of providing income documentation for CAP enrollment to those funds received in the current (or prior if the season has recently closed) LIHEAP season. This reduces the timeframe for which LIHEAP receipts can be used to indicate eligibility from 2 years to approximately one year.

CARES/Hardship Funds

- Company will make all efforts to partner with electric companies to provide services to vulnerable customers within the residence to obtain documentation for possible programs participation and provide resources.

Low Income Usage Reduction Program (LIURP)

- Increased allowance per job to include remediation of the heating system in addition to implementing pre-determined measures and in some cases for health and safety measures that allow the Company to move forward with weatherization project that might have otherwise been prohibited.
- Provide for an increase of random inspections above 25% of annual jobs to allow for a more effective quality control of the program measures installation, new contractors and/or of those situations in which the Company deems it appropriate to provide additional oversight to a contractor/(s).

Pilot LIURP Emergency Furnace & Line Repair Program

- Increase the annual budget for the Equitable Division from \$275,000 to \$400,000.
- Increase the annual budget for Peoples Gas Company LLC from \$50,000 to \$60,000.
- Increase all annual budgets by 3% for each subsequent year to reflect increases in labor and material costs.
- Include costs of minor restoration that is necessary to ensure safety for gas line replacements that include excavation.

Plan Attachments and Coordination Efforts

A list of attachments to this Plan follows the Table of Contents.

An integral part of the Plan is the coordination of Universal Service Programs both within the Company and through external agencies. Employees receive training regarding sensitivity to those with special needs as well as program availability and eligibility. Employees of the Customer Service Center as well as Field Operations make referrals to the Customer Relations team via email or phone. In addition, area agencies are a key source of outreach efforts to customers and are supported through materials and/or presentations provided by the Company.

The steps used to identify eligible customers and methods of program coordination can be found listed in the first section, Customer Assistance Program. These steps apply to all of the Universal Service Programs in the Plan.

Organization

Universal Service Programs are managed and directed by the Customer Relations Department which is housed in the Operations organization of the Company. The organizational chart for Customer Relations is provided at the end of this section. While the programs themselves are managed exclusively in the Customer Relations department, the important work of outreach and referrals occur throughout the Company.

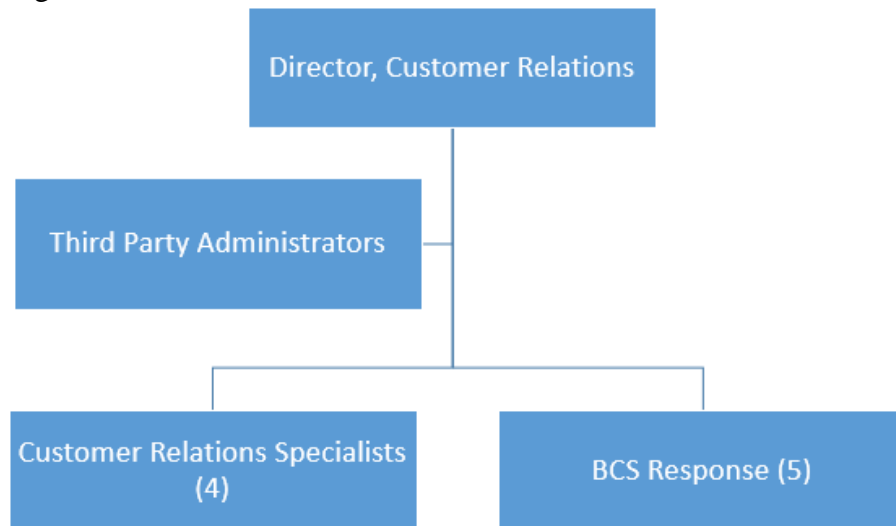
Incoming calls to the Company from low income customers are answered in the Customer Service Center, Monday through Friday from 7 a.m. to 5 p.m. Management of the Customer

Service Center is provided by the Sr. Director of Customer Service. All agents receive training on the Company's Universal Service Programs in order to make appropriate referrals. Customers who appear to be eligible and in need of the Customer Assistance Program are transferred directly to Dollar Energy Fund, the Company's CAP administrator, for immediate assistance. CAP participants who need the assistance of a Dollar Energy Fund Hardship Grant are directly transferred to Dollar Energy Fund to apply for the grant over the phone and are not required to visit an agency. Customers who are in need of other Universal Service programs such as weatherization, emergency heating assistance or CARES are referred by the Customer Service Center to the Customer Relations department for follow up.

In addition to the organization which supports the connection of customers with available assistance, customers can additionally self-refer. Through the Company's website, customers can contact the Company through the 'Peoples Helps' email line which is managed by the Customer Relations department. Customers creating an online payment arrangement through the Company's e-account portal, and who present with income less than 150% FPL are identified and their accounts are forwarded on a weekly basis to the CAP administrator for outreach for potential CAP enrollment and to offer other Universal Service programs as appropriate.

In order to ensure we reach the most vulnerable, an employee-only phone line has been implemented for the Field Operations team. Field technicians can dial directly into the Customer Relations department to make the Company aware of customers in difficult circumstances so help can be provided. Field employees also receive a stock of customer care cards that are essentially business cards with the Company's phone number and a list of programs to hand out to customers who could benefit from these programs. Customer Relations staff members additionally provide 'on call' service to Operations after normal working hours and on weekends. This service allows us to coordinate assistance for vulnerable customers, particularly if an issue arises in colder weather that affects heat to the home.

Customer support has high visibility in the Company as seen through regular presentations to the management team. Educating employees on Universal Service programs is a key focus of Peoples' Making Life Better mission.



CUSTOMER ASSISTANCE PROGRAM (CAP)

Program Description

Peoples CAP is a special payment plan for low-income, payment-troubled customers. Through CAP, low income customers pay a percentage of their income for natural gas service. The reduced payment amount is designed to improve payment compliance and reduce collection activities.

Eligible customers agree to pay 4%, 5%, 6% or 7% of their verified before-tax monthly income for natural gas service. The household income and family size determine which percentage of income the customer is to pay. If the average bill for the premises is lower than the calculated percentage of income payment, the customer's CAP payment will be the average bill amount.

Findings and Recommendations from Independent Evaluation

1. Phone and Agency Enrollment – Most customers enroll in CAP over the telephone by calling DEF. Customers appear to appreciate the convenience of the telephone enrollment and very few customers visit an agency to enroll in CAP. However, there may be additional cases where agency enrollment may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended.
2. Income Verification – Peoples has reported that they are working to make it even easier for customer to provide income documentation, by creating additional mechanisms for customers to submit the information.
3. Recertification – As with enrollment, customers appear to appreciate the ability to recertify by mailing in their documentation rather than visiting an agency. However, it may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.
4. CAP Bill – Peoples has designed a CAP bill that provides a clear presentation of the monthly CAP payment, the five dollar contribution for arrearages and the CAP credit as the difference between actual usage and the CAP payment. Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.
5. CAP Plus – The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and asses how increases impact affordability, especially for the lowest income customers.
6. Affordability – The CAP survey and the transactions data analysis clearly showed that the program has improved affordability for participants.
7. Bill Payment – CAP also had a positive impact on bill payment.
8. CAP Satisfaction – Customers reported that CAP was very important in helping them to meet their needs and their satisfaction was high.

Modifications Since Last Plan

Peoples implemented the suggestion provided in finding number 4 above regarding the CAP bill. A message has been added to CAP bills, directly below the CAP payment amount, to remind customers of the Arrearage Forgiveness benefit they will receive by making the payment. Please refer to Attachment B for an example of this bill message.

In response to finding number 5, Peoples engaged the regulatory focused members of its Universal Service Advisory Group to review, analyze and discuss potential CAP Plus modifications to address the affordability impact on the lowest income participants in its program. This working group analyzed data and held discussions that led to the modification of the CAP Plus mechanism that is described in this Plan.

The Company also considered the suggestion from the independent evaluation that some customers will be better served through enrolling in CAP in person. While this option has always existed at any Dollar Energy Fund agency, the Company has taken steps to increase the visibility of this option and to encourage its phone agents to offer this option to customers. There has also been a change to agency compensation, providing for agency reimbursement for the cost of completing a CAP application, regardless of whether the customer is ultimately enrolled. The Company has provided CAP training at Catholic Charities of Allegheny County so that customers can apply for CAP in person.

In order to ensure income eligibility, the Company has changed the LIHEAP eligibility provision of its CAP enrollment process to limit the use of LIHEAP in lieu of income documentation to customers who have received a LIHEAP cash or Crisis grant within the current or most recent program year. Prior to this change, customers could enroll into CAP without submitting income documentation if the Company had received LIHEAP funds in the past two years.

Eligibility Criteria

The CAP program is available to customers who are at or below 200% of the Federal Poverty Income Level (See Attachment E - Income Guidelines). The customer must have active residential heating service.

Customers with incomes between 151 and 200% of Federal Poverty Level must additionally have at least one broken payment arrangement and a significant arrearage. A significant arrearage is generally defined as a balance of \$800 or more, but flexibility is given in the evaluation of individual circumstances. Customers in this income group must apply for a Dollar Energy Hardship Fund Grant to be applied to their account balance prior to entering the CAP program if such funds are currently available.

Prior CAP customers who apply for service within nine months of service termination or discontinuance will continue to be considered active participants provided that they pay their CAP bill arrearage. An applicant with an outstanding balance may enroll in CAP upon initiation of service once restoration requirements are met.

Upon contact, a customer may be enrolled in CAP without providing income documentation if he/she has received a LIHEAP payment within the current or most recent LIHEAP program year. Peoples will accept a customer's participation in an electric or water CAP program as verification of income if the customer provides authorization for the CAP administrator to utilize income documentation submitted by the customer to enroll in another CAP program managed by the administrator (i.e. First Energy, Pennsylvania American Water) or authorizes another utility CAP program to share income information for the purposes of enrollment. If a customer enrolls in Duquesne Light's CAP program and provides their permission for their information to be shared, the Company will receive the customer's information from Duquesne Light and will complete enrollment on behalf of the customer. The customer may submit income for the past 30 days or 12 months, whichever is more beneficial to the household, for the determination of eligibility to participate in CAP.

The Company will follow its collections procedures for customers who fail to meet their CAP payments in a timely manner. In all cases, the Company reserves the right to delay termination based on individual, extraordinary customer circumstances.

Low Income Home Energy Assistance Program – LIHEAP Coordination

The LIHEAP and LIHEAP Crisis Program provide grants to eligible households to help with their utility bills. CAP participants should apply for LIHEAP and the Company provides information on how to apply for the grants. The Company mails annual reminder letter to CAP participants who have not yet received a LIHEAP grant within the program year. CAP participants are asked to direct payment of any LIHEAP cash benefit grant that they receive to Peoples. The LIHEAP Crisis Grant may be requested contingent upon state developed criteria and would be applied consistent with state guidelines.

Current Program Benefits

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits for CAP eligible applicants.
- Referrals to other Universal Service programs and assistance programs

Payment Plan

Peoples utilizes a "Percent of Income Payment Plan" to establish a customer's monthly payment. Applicants must provide proof of household income when applying for the CAP program unless

they have received a LIHEAP grant within the current or prior program year (if the program recently closed). Household income and family size will place customers in a percent of income matrix. The monthly income times the 8, 9, 10 or 11 percent equals the minimum monthly payment, unless the budget amount for the premises is less, in which case the budget amount will become the CAP amount

<u>Federal Poverty Status</u>	<u>Percent of Income</u>
0 - 50%	4%
51 – 100%	5%
101 – 150%	6%
151 – 200%	7%

Customers’ CAP payments are reviewed on a monthly basis, during the billing process, to ensure the customer’s CAP payment is the lowest payment for which the customer is eligible (i.e. budget or percentage of income). If a payment change is needed, it is effective the following month. A bill message on the current bill advises the customer the CAP payment for the following month will be changing in order to alert them to review the next bill closely. In order to maintain a stable payment, absent any special circumstances such as billing adjustments, the payment will be changed no more often than once every three months.

Customers reporting ‘zero income’ can be enrolled or continue to participate in CAP by completing the Zero Income Form.. Customers enrolled with ‘zero income’ will be billed the CAP minimum payment and will be required to recertify their income status in 6 months. Payments received from the customer exceeding the current CAP payment due will be used to reduce the following month’s CAP payment amount.

Program Dimensions

1. CAP Enrollment

The current number of active CAP participants, as of December 31, 2019 is provided in the table that follows. Enrollment is not limited to a predetermined level. Customers must be payment-troubled and low-income to be eligible. Income eligibility is established at or below of 200% of the federal poverty level.

Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
30,100	2,770	32,870

2. Arrearage Forgiveness

CAP customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. This program allows CAP participants to fully extinguish their pre-program balance over a three (3) year period. Arrearage Forgiveness credits are provided when the

customer makes each on-time and in-full monthly CAP payment, regardless of CAP arrearages.

3. Calculation of CAP Credits

CAP credits are applied on a monthly basis when the CAP bill is issued to the customer. Per 52 § 69.262, a CAP credit is defined as the difference between the CAP customer's actual usage bill and the CAP monthly bill.

4. CAP Administration and Use of Community Based Organizations

Dollar Energy Fund administers Peoples' CAP program which includes verification of eligibility, recertification and day to day account monitoring. The agency has a network of community based organizations that are available to complete CAP applications for eligible customers.

The Company also utilizes utility partnerships and agencies such as Catholic Charities for CAP enrollment to simplify the process for customers and increase the likelihood customers will enroll in CAP programs with each of their utility providers.

5. CAP Customers who have enrolled on the basis of LIHEAP or who have certain fixed income types (pension, social security or disability) are recertified once every three years. Other income types will recertify once every two years. Customer reporting no income are required to recertify at least every (6) months. The exception to this requirement are those households whose sole income is unearned income for a child. In those cases, recertification, dependent on the type of income received by the child, will follow the recertification schedule provided for that type of income. Recertification begins with the issuance of a letter to the customer, 60 days in advance of the recertification date, requesting the customer to submit proof of income to remain active in the CAP program. A second reminder letter is mailed 30 days later. If at the end of the 60 day period, the customer has not provided the required income documentation, the customer will be dismissed from the CAP program.
6. Final Bills – Final bills are calculated by determining gas usage from the last bill date to the end of service date and applying currently effective residential rates. In addition to the current portion of the final bill, the formerly frozen pre-CAP balance becomes due.

Control Features

To limit program costs, Peoples, through its administrator, monitors CAP accounts to ensure customers are complying with the terms of the program and are receiving the proper benefits from CAP and other Universal Service Programs.

- The minimum payment for a heating account is \$25 per month plus \$5 for the arrearage for a total minimum monthly payment of \$30 (prior to the addition of the currently effective CAP Plus amount).

- CAP participants who qualify for weatherization will receive priority in accordance with the criteria established for the LIURP Program.
- A CAP customer who meets the eligibility criteria for LIHEAP will be encouraged to complete an application.
- Upon enrollment in CAP, participants will be advised of the importance of energy conservation and will receive information on conservation tips and weatherization programs. Customers with a history of high energy usage will be referred to the Company's weatherization program (LIURP) and any other appropriate programs. All participants will be advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage or excess CAP credits may result in removal from the CAP Program if such usage is considered by the Company to be outside of the intentions of the CAP program.
- A daily report allows the CAP Administrator to identify CAP customers whose weather-normalized annual usage has increased by more than 25% for Peoples Natural Gas or 20% for Peoples Gas Company LLC. When a CAP customer's account appears in the report, the Company representative will take the following steps:
 - The account will be reviewed and the customer will be contacted in order to determine if the increase in gas usage is justified. Justified usage may include: increase in household size, serious illness of a family member, or usage was beyond the household's ability to control. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, § 69.261-267.
 - Any customer with unjustified excess usage will be contacted and provided with conservation information, tips for decreasing usage, and referred to weatherization programs. Unjustified excess usage may result in the CAP customer being removed from the CAP Program.
- In addition to usage monitoring, Peoples monitors customers who exceed \$1,000 in CAP credits. In advance of reaching the \$1,000 threshold, customers will be notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach 50% or \$500 in CAP credits and again at 75% or \$750 in CAP credits annually. Such notification will include a description of the customer's responsibility to monitor their gas usage and advisement that the customer may be held responsible for CAP credits exceeding the \$1,000 CAP credit limit.
 - When an account exceeds the \$1,000 CAP credit threshold, the account is reviewed and the customer is contacted in order to determine if excess CAP credits are justified. Justification may include: an increase in household size, serious illness of a family member, or usage was beyond the household's ability

to control. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, §69.261-267.

- Unjustified CAP credits in excess of \$1,000 may result in removal from participation in CAP.

Default, Termination Conditions and Requests for Removal

The Company monitors accounts for changes in family size or income, timely payments, appropriate usage and timely meter readings. A CAP participant's failure to comply with one or more of the following may result in the Company ending the customer's opportunity to receive service under CAP:

- Failure to allow access to or provide customer meter readings in four consecutive months.
- Failure to report changes in income or family size.
- Failure to recertify as requested and/or to meet eligibility requirements.
- Failure to make payments may result in the Company undertaking collection activities which may lead to termination of service. To avoid termination, the customer must pay CAP arrears prior to the scheduled termination date. If a CAP account is terminated, the customer must pay all missed CAP payments to restore service.
- Use of natural gas, while on the CAP Program, for recreational purposes such as, but not limited to pool heaters and gas grills is prohibited. Customers using gas for recreational purposes will be removed and can be re-enrolled upon verification that the natural gas connection to the recreational appliance has been removed.

Appeal Process

CAP applicants may appeal the denial of eligibility. If the CAP applicant is not satisfied with the Company's initial eligibility determination, the Company will follow the dispute procedures at 52 PA. Code §56.151 and 56.152. The CAP applicant may also appeal the denial of eligibility to the PUC's Bureau of Consumer Services in accordance with 52 PA Code §56.161-56.165.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided as Attachment A. The Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Program Budget

- The CAP Program is funded by Peoples' customers and administered by the Company. The chart below contains the projected expenditures for 2019-2024 period. Cost recovery of

particular CAP components is provided through the Universal Service Riders of Peoples Natural Gas and Peoples Gas Company LLC. Recoverable costs include CAP credits, Arrearage Forgiveness, and third-party administration. The budgets provided below are based on 2019 actual participant income and using average CAP usage to calculate CAP credits, average pre-CAP balances to calculate Arrearage Forgiveness and contractual costs for CAP administration as projected on a yearly basis. The Riders have other adjustments, such as bad debt adjustments, that determine the actual amount recoverable. The Riders are subject to an annual reconciliation to actual experience. The rates used in the calculation of CAP credits are effective January 1, 2020 and therefore include the base rate increase approved for Peoples Natural Gas in late October 2019. Year end 2019 participation is used as the basis for the calculation.

	Peoples Natural Gas	Peoples Gas Company LLC (PTWP)	Total
2019			
2020	\$16,494,998	\$1,721,509	\$18,216,507
2021	\$16,528,386	\$1,724,811	\$18,253,197
2022	\$16,562,775	\$1,728,212	\$18,290,987
2023	\$16,598,196	\$1,731,715	\$18,329,911
2024	\$16,634,679	\$1,735,323	\$18,370,002

Plans to Use Community Based Organizations

Peoples' CAP program is managed by Peoples' staff and administered by Dollar Energy Fund. Dollar Energy Fund will contract with community based organizations throughout PNG's service territory. While enrollment over the phone is preferred by most customers, the Company recognizes the need to offer in person enrollment for those who prefer and/or are more suited to this approach. Customers can apply in person at Dollar Energy Fund agencies and some Catholic Charities offices. The Company continues to look for other opportunities to expand availability of in-person CAP applications in partnership with Duquesne Light. Peoples continues to work closely with community-based organizations to provide appropriate follow up, information on education, budget counseling and referrals in conjunction with LIURP. In addition, Peoples refers eligible customers to appropriate programs and services including, but not limited to, sources of third-party funding, budget counseling, and consumer education.

Organizational Structure of Staff responsible for CAP

Peoples' CAP program is managed by the Customer Relations department and is administered by Dollar Energy Fund. The Company visits the CAP administrator on a monthly basis, reviewing recorded calls for quality assurance, verifying CAP program control processes are completed in a timely basis and meeting with supervisory staff to review current processes including training materials for agents, correspondence used for customers and other pertinent components of CAP administration. The Company also holds a biweekly conference call with DEF management staff

to share updates on program availability (i.e. LIHEAP opening/closing), discuss current trends and to gain status updates on outreach efforts. In addition, the Company will, on an annual basis, review a selection of randomly chosen accounts for income documentation verification.

Outreach and Intake Efforts for CAP

Peoples will provide outreach for CAP and other Universal Service Programs through the Customer Service Center, the Company website and other forms of media as listed below. Fliers are included with termination notices to inform customers of available programs. Bill inserts, press releases and other information are also provided to the public to encourage referrals. Community-based agencies receive information on these programs and are encouraged to make referrals as well. Meetings are held with social service agencies, elected officials and other community groups to provide current information on available programs. Information on the programs can also be found on the Company's website. Peoples will also utilize the Southwestern PA 2-1-1 for referrals and provide updated information to the Company's Universal Service Advisory Group. The CAP Administrator makes outbound calls to all customers who establish a payment arrangement through the Company's e-account which is reflective of income at or below 150% FPL.

Identification of Specific Steps to Identify and Enroll Low-Income Customers

Potentially eligible customers are identified through their income information that is documented in the Company's billing system. Customer Service Center Representatives receive training on identification of potential referrals to all Universal Service Programs. Following pre-screening for eligibility and appropriateness of CAP program for the customer's situation, the call agent refers them to the administrator for enrollment via phone or provides information to the customer about applying in person if that options is more preferable or suitable to the customer. Customers in need of CAP who appear to have challenges to traditional enrollment and require more support can be referred to the Company's CARES program for additional assistance. Information on income eligibility and program dimensions is provided in training and employee resource materials.

Integration of Programs

All customers calling Peoples' general customer service number (1-800-764-0111) or its Universal Service line (1-800-400-WARM) are screened for eligibility and appropriateness of Universal Service Programs including, but not limited to, CAP, LIURP, LIHEAP, CARES and Hardship Funds.

Field Service Personnel also make referrals to Universal Service Programs through a direct, employee only line that is answered by the Customer Relations department on an immediate basis. The Company provides Customer Service Center representatives with information and referral mechanisms for all of the Universal Service Programs and includes income guidelines and eligibility criteria.

LOW INCOME USAGE REDUCTION PROGRAM (LIURP)

Program Description

Peoples' LIURP Program is designed to help low income customers who have problems coping with high gas bills. Program goals are to make the home more energy efficient, control high usage and achieve bill reduction through energy savings.

Independent Evaluation Findings & Recommendations

1. Energy Education – Peoples has developed an extensive education program for their LIURP participants. They implemented a Pledge Form to involve the customers with the contractor and an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage. Peoples contracts with energy consultants who perform random inspections and provide additional energy education to the customers about the work completed and additional actions the customers can take to save energy.
2. Energy Savings – Peoples has achieved high savings from LIURP, averaging about 20 percent of the customers' pre-treatment natural gas usage. However, given the high level of pre-treatment usage, and the investment level, Peoples should consider whether it may be possible to achieve even higher savings through targeting and the services that are provided.
3. Targeting – Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment troubled. They could target a subset of high-usage list for additional outreach to encourage participation.
4. Energy Efficient Measures – Peoples should assess whether they are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.
5. Coordination – Peoples works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. When jobs are coordinated with State Weatherization or electric companies, Peoples is typically responsible for replacing the heating appliance if replacement is necessary. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012. Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

Modifications Since Last Plan

As described in the Independent Evaluation findings, the Company implemented a pledge form and an action plan form with the goal of enhancing the customer's commitment to conservation as well as the contractor's commitment to usage reduction. The pledge and action plan forms are provided as Attachment C.

Individual project budget guidelines were expanded to allow for remediation of the heating system in addition to implementing the pre-determined usage reduction measures to maximize the efficiency gained in the project. The program also provides a more generous allowance for health and safety items (those measures that do not offer a usage reduction outcome). This allows for the completion of jobs that may have otherwise required the company to forego the project and additionally benefits the overall health and safety of the household.

Participants who do not experience a reduction in pre-treatment usage (non-savers) participate in a Non-Savers Survey which attempts to identify the reasons for the current usage while additionally providing energy conservation education.

The Company accepts Weatherization Assistance Program (WAP) and First Energy Companies' audit forms for those jobs performed as a partnership to reduce the paperwork requirements of the contractors and further encourage coordination of services.

Peoples Natural Gas received approval for a base rate increase effective October 29, 2019. This approval included an increase of \$650,000 to the annual LIURP budget. This change is reflected in years 2020 through 2024 below.

Eligibility Criteria

As recommended by the Independent Evaluation, participation will be targeted to customer that are the highest users.

- Prioritize customer participation to the lowest income and highest arrears.
- Total family income does not exceed 150% of Federal Poverty Guidelines. (Up to 20% of the annual program budget may be allocated to customers with incomes from 151-200% of the federal poverty level on a case-by-case basis.)
- Residential, gas-heating customer.
- Customer has not moved and has not had gas service terminated within the last year (to ensure sufficient pre-treatment usage information is available to evaluate the effectiveness of weatherization measures).
- Customer has not received weatherization services provided by the Company within the past 7 years.
- Customer has an annual consumption greater than 140 MCF/year for the Peoples and Equitable Divisions of Peoples Natural Gas. Customers of Peoples Gas Company LLC (formerly Peoples TWP) may participate if annual consumption exceeds 120 MCF/year.
- Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems.

Home Weatherization

An energy auditor visits the customer's home and conducts a thorough investigation. The auditor assesses areas where heat is escaping and cold is entering the house and also notes any previous weatherization measures that were installed and evaluates their effectiveness. The auditor asks customers to provide additional information that can assist them during the home inspection.

The information that is gathered by the auditor determines what measures will most benefit the goal of energy reduction in the customer's home. Measures are installed based on established payback criteria and may include:

- Heating system improvements and replacements
- Attic, sidewall, and other types of insulation
- Caulking and weather-stripping
- Air sealing
- Hot water treatments including tank improvements, wrapping and replacements
- Minor repairs that relate to weatherization

A general guideline of \$500 per job for health and safety is provided with the understanding that the auditor may recommend measures of up \$1,000 if necessary. If health and safety measures are identified exceeding \$1,000, the measures are reviewed for approval on a case-by-case basis.

State Weatherization (WAP) and First Energy Companies' audit forms are accepted by the Company for coordinated jobs.

Random inspections provide the necessary feedback to better serve customers, evaluate contractor performance and identify areas of improvement. Random inspections will be performed on a minimum of 25% of jobs completed annually.

Energy Education

In addition to weatherization services, LIURP provides customer education to encourage ongoing conservation. When energy conservation measures are being installed, an educator will explain the weatherization program in more detail and provide conservation and energy efficiency suggestions. The educator may provide "hands on" demonstrations of conservation measures such as lowering the heating system thermostat, lowering the water heater setting and regular replacement of furnace filters. The educator provides written reference materials for the customers. The contractor will also review a pledge form with the customer to emphasize the commitment to energy reduction.

If the customer has had an unusually high increase in consumption, a follow up telephone call or visit may be scheduled one year after the program measures have been completed.

Please refer to Attachment D for a conservation booklet that is commonly used for energy education.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided at Attachment A. The Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Projected Enrollment Levels

	Peoples Natural Gas	Peoples Gas (formerly PTWP)	Total
2019	271	40	311
2020	417	40	457
2021	344	40	384
2022	344	40	374
2023	344	40	374
2024	344	40	374
Total	2,064	240	2,304

These projections are based on average spending per home, including the implementation of heating appliance replacement (if necessary) and installation of necessary usage reduction measures.

Program Budget

	Peoples Natural Gas	Peoples Gas (formerly PTWP)	Total
2019	\$2,100,000	\$280,000	\$2,380,000
2020	\$3,342,154*	\$368,222*	\$3,710,376
2021	\$2,750,000	\$280,000	\$3,030,000
2022	\$2,750,000	\$280,000	\$3,030,000
2023	\$2,750,000	\$280,000	\$3,030,000
2024	\$2,750,000	\$280,000	\$3,030,000
Total	\$16,442,154	\$1,768,222	\$18,210,376

*Please note 2020 budgets include projected carryover dollars from 2019.

The above figures include installation of program measures, third party contract labor, administrative expenses, agency meetings, equipment, outreach, and educational materials. The Peoples Division budget reflects an increase of \$50,000 annually which represents the elimination of the LIURP Pilot Community Partnership for Weatherization program and the transfer of that program's budget to LIURP.

Figures provided include shareholder funds where applicable.

Plans to use Community Based Organizations

Peoples' LIURP program is currently managed in-house and administered through CLEAResult. As its current administrator, CLEAResult will conduct energy audits, contract with non-profit community action agencies and private contractors as appropriate to install weatherization measures provide consumer education and perform post-installation inspections. Partnering with state weatherization and other utility programs are emphasized to maximize the benefits to the consumer. In addition, at least 25% of the homes weatherized will be subject to random inspections.

Organizational Structure of Staff responsible for LIURP

See Organizational Chart, page 4.

Outreach and Intake Efforts for LIURP

The company promotes LIURP through internal and external efforts. Training is provided to customer interaction personnel including agents in the customer service center and customer service field personnel. Engagement with organizations who service customers throughout the service territory, the company website which includes a video library on conservation, published articles on easy conservation steps and safety information. Bill inserts are also used to share information about LIURP and identify eligible participants.

All customers who contact the Company for assistance from the Emergency Furnace and Line Repair program are screened for LIURP eligibility.

Customers who participate in the CAP program and meet LIURP eligibility criteria are referred to LIURP during the CAP Intake Process and during the reviews for use of CAP credits and/or increased annual usage. Additionally, agents in the customer service center routinely refer customers they encounter with high usage.

Peoples' coordinates its LIURP Program with existing community-based programs including Beaver County Redevelopment Authority, Re-Energize Pittsburgh, LIHEAP/ Crisis program, WAP (Weatherization Assistance Program) and others as each individual circumstance permits.

CLEAResult, the LIURP Administrator, receives a list from the Company of potentially eligible customers at the beginning of each calendar year. CLEAResult uses this list to contact customers via mailings and phone calls to inform the customer about the program and offer enrollment.

Steps to Identify and Enroll Low Income Customers

Eligible customers are identified through company internal reports and other universal service programs such as the CAP, CARES and LIHEAP programs. Customers are enrolled in the LIURP program in accordance with program guidelines.

The company provides training to employees who interact with the customers so that they can be informed about program eligibility requirements. In addition, the company makes all efforts to educate agencies who serve our customers so that they may refer potential participants.

Integration of Programs

Peoples continues to look for ways to increase coordination with the federal and state weatherization programs, electric utilities weatherization and Act 129 programs. Additionally, when opportunities offered by other non-profit organizations are available, the Company seeks coordination with these third party efforts as well.

Peoples will also integrate the program through internal processes such as CAP intake, recertification, CAP usage review process, LIHEAP recipients and the Emergency Furnace/Line replacement program. In addition, the company reinforces the use of an internal Universal Service e-mail to increase referrals.

LIURP -- EMERGENCY FURNACE / SERVICE LINE REPAIR ASSISTANCE

Program Description

The Peoples companies Emergency Furnace/House and Service Line Repair Program serves customers with limited income and who are experiencing a crisis and possibly going through the winter months without heat because they cannot afford to have their furnace or service lines repaired. Additionally, the Company may consider replacement or repair of water heaters, in cases of vulnerable customer needs, safety issues that arise during a furnace replacement and/or as required by the replacement of a heating system, as eligible under this program.

Program budgets for 2019 were as follows:

Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
\$800,000*	\$50,000	\$850,000

*\$400,000 budget for Equitable Division was approved in 2019 (M-2014-2432515), resulting in an overall budget for Peoples Natural Gas of \$800,000 annually.

These budget levels were also in place during 2017 and were fully exhausted. Early 2018 was colder than normal, resulting in a high number of heating system failures and an increased need for assistance from the program. The budgets included in this Plan were developed using average costs per job type (i.e. furnace, boiler, service line) and activity levels.

The program will allow for restoration of sidewalks, driveways and/or soft ground when necessary to ensure safety following excavation. Restoration costs covered by the program will be limited to those directly necessary to avoid an unsafe condition. All jobs that have the potential to require restoration will be evaluated to determine the prospective level of excavation related costs in determining whether the repair/replacement project can be covered under the Company's program.

The company partners with the Air Conditioners Contractors of Western PA (ACCWPA) to provide cleaning and tune up and a safety check prior to the heating season, of the heating appliance for small number of participants (30 in 2017). While the ACCWPA volunteers their time to provide the service, customers may receive financial assistance through the Company's program to resolve a repair or provide a replacement if a safety issue with the heating system is identified. Participants in the program are required to be homeowners within 200% of FPL.

Eligibility Criteria

- ~~Must be a h~~Homeowners are eligible to participate as long as budget dollars are available. Up to 25% of the annual budget may be used to serve renters. ~~– Renters are not eligible for the program.~~
- Total household income may not exceed 200% of FPL.

- Must have a need for emergency repairs and/or replacement of the heating system, hot water heater and/or gas lines. Non-emergency repairs and replacements are not covered by this program.
- Residential, gas-heating customers only
- Customers should apply for LIHEAP/Crisis is the program is available.
- All requests for assistance will be processed on a first-come, first-served basis.

The Company may refer eligible customers to LIHEAP Crisis when that program is available. This referral process allows Peoples to protect available funds of the program for use by those with immediate needs that cannot await LIHEAP Crisis as well as those customers who do not meet LIHEAP Crisis income qualifications (i.e. 151 to 200% FPL).

All potential repairs or replacements are evaluated by a contractor on behalf of the company to determine if the project is suitable to be covered by the program.

Needs Assessment

Based on historical participation the Peoples companies estimate to serve 320 customers from the Peoples Natural Gas and 25 customers from the Peoples Gas Company LLC to receive assistance through this program on an annual basis.

Projected Enrollment Levels

Because the prices for labor and materials consistently increase, and with the addition of limited restoration costs on an as necessary basis, the number of customers assisted will vary in relation to the types and costs of projects completed in a given year.

Program Budget

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$800,000	\$60,000	\$860,000
2020	\$824,000 87,750	\$61,800 73,050	\$885,800 960,800
2021	\$848,720 912,470	\$63,654 74,904	\$912,374 987,374
2022	\$874,182 937,932	\$65,564 76,814	\$1,014,746 939,746
2023	\$900,407 964,157	\$67,531 78,781	\$967,938 1,042,938
2024	\$924,419 988,169	\$69,556 80,806	\$993,975 1,068,975
Total	\$5,171,728 235,478	\$388,105 444,355	\$5,559,833 934,833

The budget for each Division/Company was developed using average costs for project types: boiler replacement, furnace replacement, heating system repairs and gas service line replacements. Additionally, the Company assumed 20% of the service line projects will require

repair/replacement of sidewalks. The costs above include third party administration, but do not include internal labor.

The approved settlement of the acquisition of the Peoples companies included an increase to this program of \$75,000 annually. This increase is funded by shareholders for a three-year period post-closing. After the three-year period, the program will be funded by the approved cost recovery mechanism in place at that time. The increase of \$75,000 is an increase of 8.8% to existing budgets (\$850,000). Because the Peoples Gas Company has historically exhausted its annual funds, often prior to year-end, the proposed allocation assigns 15% of the increase (\$11,250) to Peoples Gas and the remainder (\$63,750) to Peoples Natural Gas. This allocation provides needed support Peoples Gas customers while retaining an 8% increase for Peoples Natural Gas that closely aligns with the settlement increase.

Organizational Structure

See Organizational Chart on page 4.

Outreach and Intake Efforts

Peoples will coordinate the emergency program with existing programs through Department of Community Economic Development (“DCED”) and LIHEAP Crisis and will accept referrals from community based organizations, Company representatives and other third parties.

Identification of Low Income Customers

As this is an emergency assistance program, customers self-identify or are referred by local community service agencies or Company field personnel.

Program Integration

The program is currently administered by CLEAResult. In order to realize efficiencies and better coordinate with other programs, the agency will utilize subcontractors who are currently working to implement the Peoples’ LIURP program.

CUSTOMER ASSISTANCE REFERRAL AND EVALUATION SERVICES (CARES)

Program Description

The CARES program is designed to provide assessment and referral services for customers who may be experiencing an inability to pay their gas bills and/or have special needs such as a serious medical condition, a mental health condition, limited learning ability, recent unemployment, single parent issues, etc. The program also includes Protection from Abuse Orders as outlined in 66 PA CSA, Chapter 14 and the Address Confidentiality Program (ACP).

Findings and Recommendations from the Independent Evaluation

1. Benefits – CARES provides important benefits to special needs customers, including education about the Earned Income Tax Credit and LIHEAP, thermostats for visually-impaired customers and short term assistance to ensure that customers are able to access the resources that they are referred to.
2. Employee Education – Peoples has levered CARES to educate employees about special needs customers, increase the sensitivity of their employees and increase customer referrals.

Modifications Since last Plan

The company will make efforts to partner with the electric company to provide services to vulnerable customers within the residence. The services will include obtaining documentation for Universal Service eligibility such as CAP, LIHEAP, and Dollar Energy Fund and will also provide resources within the customers' community and also promote the company programs.

Eligibility Criteria

Any special needs customer in danger of losing heat due to non-payment or heating equipment failure is referred to CARES. Customers are identified through referrals from call center agents, Dollar Energy Fund agents and field employees of Peoples. Income guidelines for the LIHEAP and Crisis programs are established by the Pennsylvania Department of Human Services and may change annually. LIHEAP eligibility is currently established at 150% of the federal poverty level.

The CARES program is intended for customers with immediate needs. Specialists provide an assessment to assure customers not only receive all necessary referrals to other programs, but are unable to access resources. The primary objective is to help customers resolve issues related to

and beyond bill payment and energy affordability by utilizing case management and referral services.

Customer Relations Specialists utilize an array of resources throughout the service territory such as: available energy assistance resources, public assistance benefits, local social agencies services etc. Specialists also provide training on programs and sensitivity training to customer service center personnel, field customer service personnel, in addition to providing Universal Service program awareness to social service staff. They also network with community based organizations and the Universal Service Advisory Group to better enable customers to receive services and possible third party assistance and funding.

Some of the agencies are as follows:

- Health and Welfare Councils
- Department of Aging
- Allegheny County Community Services Advisory Council
- Health Department
- Pennsylvania Department of Human Services
- Social Service Agency Providers Council
- Cambria County Energy Crisis Council
- Local social agencies such as Catholic Charities and Saint Vincent de Paul Society in the area.
- Beaver County Human Service Forum
- Veterans Leadership
- Allies for Health and Wellbeing- Housing Program
- Latino Family Center

Specialists also participate in awareness programs and fairs sponsored by social service agencies and elected officials to increase visibility and awareness. They also actively network in the community through partnerships with:

- Be Utility Wise
- Air Conditioning Contractors of Western Pennsylvania (ACCWPA) Furnace Inspection program
- Homeless Prevention & Rapid Re-Housing Program
- Southwestern PA 2-1-1
- Beaver County Human Service Forum
- YWCA of Greater Pittsburgh advisory committee

Customer Relations Specialists work with area social service agencies throughout the service territory to provide third party assistance for our customers. As a result, eligible customers might receive financial assistance from third party social service agencies such as Catholic Charities, Salvation Army, St. Vincent de Paul Society, Veterans Leadership in addition to traditional energy assistance etc.

Peoples will also work through a social agencies and electric utilities partnership to provide home visits for those customers with special needs who might benefit from a more personal interaction.

The CARES program has two components:

- One time contact - includes those customers who might need an immediate referral to resolve an urgent crisis or a short term situation.
- Case Management – includes a case work approach and ongoing monitoring and follow-up services. Qualifying accounts are coded CARES and require the specialist to monitor the account. Customers with PFA orders and participants of the ACP are part of the case management component.

Field Reporting of CARES Cases

The CARES program also includes the referrals from field employees who identify customers in vulnerable situations and refers those customers for help from our Customer Relations department. A direct employee only phone number is used to connect the field employees to the Customer Relations department on an immediate basis during normal working hours. Recognizing that our field employees respond to emergencies 24 hours/7 days a week and may identify a vulnerable customer issue in the evening or on the weekend, the Company utilizes and ‘on call’ program which ensures one of the senior Customer Relations Specialists is available via cell phone to provide assistance.

The Company utilizes the CARES program as a way to educate employees to be sensitive to those with special needs and also to recognize certain danger signals such as change in behavior, evidence of confusion or lack of apprehension, or disability in addition to company available programs.

Thermostats & Alternative Bills for Visually Impaired Customers

Thermostats for vision impaired customers are available for those who have been medically Identified as a patient with severe vision impairment. Peoples provides and installs these devices through its CARES program. Customers can also request large print bills or Braille bills depending upon their needs. The company partners with the Western PA School for the Blind Children to prepare Braille bills.

Earned Income Tax Credit Educational Outreach

Peoples promotes the Earned Income Tax Credit Program (“EITC”) to educate customers on the availability of the EITC and how to obtain the credit through the filing of their income taxes. Customers will be informed about the program through bill inserts, Peoples’ website and through referrals from our call agents and Customer Relations specialists.

Low Income Home Energy Assistance Program Outreach

The Low Income Home Energy Assistance Program or LIHEAP is an important component of CARES. Peoples identifies income eligible customers and promotes the program through bill inserts, company website, grassroots agencies, company employees and letters sent to CAP participants. Customers can obtain an application by contacting the Company via its call center or can be connected to the online application through the Company’s website.

Peoples continues to partner with state, federal and other advocacy groups to encourage full funding for LIHEAP and actively participates in the LIHEAP Action Committee.

Needs Assessment

The number of CARES referrals received in a given year varies, but a historical review of the program reflects that assistance is provided to an estimated 875 customers per year for the Peoples Division, 600 of the Equitable Division and 146 customers of Peoples Gas Company LLC. In addition to these CARES cases, outreach is provided to low-income customers to increase participation in energy assistance programs and EITC.

Program Budget

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$285,474	\$28,234	\$313,708
2020	\$293,537	\$29,031	\$322,568
2021	\$301,843	\$29,853	\$331,696
2022	\$310,898	\$30,749	\$341,647
2023	\$320,225	\$31,671	\$351,896
2024	\$329,832	\$32,621	\$362,453
Total	\$1,841,809	\$182,159	\$2,023,968

Total estimated funding amounts for the CARES program including salaries for Customer

Relations Specialists, Director, contract labor, professional development; administrative expenses and outreach efforts and materials.

Plans to Use Community Based Organizations

The CARES Program is administered internally through the specialists who network with social service agencies throughout the Peoples' eighteen county service territories to develop partnerships, stay informed of the available programs and to better serve low income customer needs.

Organizational Structure of Staff responsible for CARES

See Organizational Chart, page 4.

Outreach and Intake Efforts for CARES

Peoples Customer Relations specialists promote the Universal Service Programs by maintaining contact with community service organizations throughout the company's service territory. The company also promotes the programs through focused articles in bill inserts, providing information on its website, providing materials to local social service agencies and distributing materials through its Peoples Universal Service Advisory Group.

Please refer to Attachment E for a programs booklet that provides information about all of the Universal Service programs available to Peoples' customers. This booklet is distributed at local outreach events and to agencies that work with low income consumers.

Identification and Referral of Low Income Customers

Refer to the Identification and Referral of Low Income Customer information provided in the Customer Assistance Program section.

Program Integration

See Integration Methods as outlined under the Customer Assistance Program.

PEOPLES NATURAL GAS AND PEOPLES GAS Company LLC HARDSHIP FUNDS

Program Description

The Peoples Natural Gas Company LLC and Peoples Gas Company LLC Hardship Funds are partnerships with the Dollar Energy Fund. Dollar Energy Fund was founded in 1983 and currently partners with thirteen utilities in Pennsylvania. Dollar Energy Fund is an independent, non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. Dollar Energy Fund receives donations from utility investors and individual customers. Peoples contributes \$588,500 annually to match customer donations and contributes \$126,500 for administrative costs; of that amount \$550,000 is allocated for Peoples Natural Gas customers and \$38,500 for Peoples Gas Company LLC customers with \$110,000 and \$16,500 in administrative costs respectively.

Findings and Recommendations from Independent Evaluation

1. DEF Partnership – Peoples has developed a good partnership with DEF to deliver Hardship Fund grants.
2. Customer Communication – DEF continues to work to improve the process for the customer. They are working to enhance their phone system to enable customers to use text messaging in place of speaking with a representative. This would help lower income customers whose cell phone plan includes only a certain amount of calling, but have unlimited texting.

Eligibility

The Dollar Energy Fund reviews and modifies its eligibility guidelines annually. As a fund of last resort, if gas service is off and the applicants are eligible for LIHEAP and Crisis benefits, they must apply for these benefits, when available, before applying for Dollar Energy Fund. The Dollar Energy Fund Program year is open from October 1st to September 30th, and grants are provided until available funds are exhausted. Customers must be at or below 200% of the poverty level to qualify for a grant. In addition, the customer must have made a sincere effort of payment, which is defined as having paid at least \$150 toward their utility bill over a ninety-day time period. Applicants under the age of sixty-two must have a balance of at least \$100 on their account to be eligible to apply. Applicants over sixty-two years of age may have a zero balance or greater to be eligible to apply and must have made at least one \$100 payment in the last six months. CAP participants are deemed as having made a sincere effort to pay if their payments in the last 90 days are equal or greater than two CAP payments if such amount is less than the generally required \$150 or \$100 dependent on the customer's age. The applicant's account must be a residential heating account. Non-heat accounts and commercial accounts are not eligible for assistance from the Dollar Energy Fund.

Needs Assessment

Participation in the Hardship Fund is impacted by customer donations. A historical review of both divisions was used to estimate the number of customers who will receive assistance from the Hardship Fund.

Enrollment Levels

During the 2017-2018 program year, Peoples customers, including those of the former Equitable Gas Company, received a total of \$1,177,000 in grants. This includes the matching grant from Dollar Energy Fund.

Program Budget

The Company continues to explore ways to increase customer donations to assist in meeting the matching funds as well as to encourage Dollar Energy Fund to increase its fund raising programs. The below budget is reflective of the amounts provided by Peoples shareholders in support of the Hardship Grants and does not include administrative donations nor customer donations.

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$550,000	\$38,500	\$588,500
2020	\$640,000	\$48,500	\$688,500
2021	\$640,000	\$48,500	\$688,500
2022	\$640,000	\$48,500	\$688,500
2023	\$640,000	\$48,500	\$688,500
2024	\$640,000	\$48,500	\$688,500
Total	\$3,750,000	\$281,000	\$4,031,000

Budget increases in 2020 and subsequent years are the result of the approval of the acquisition of the Peoples Companies, approved by the PA PUC in January of 2020. This settlement provided an increase of \$100,000 in Hardship Funding per year. \$90,000 of this increase was allocated to Peoples Natural Gas while \$10,000 was allocated to Peoples Gas. This allocation reflects the allocation of residential customers between the two companies. (As of January 31, 2020, Peoples Natural Gas served 582,876 customers while Peoples Gas served 58, 129.)

Community Based Organizations

Dollar Energy Fund partners with community-based organizations to accept applications. Peoples' customers may be referred to any Dollar Energy Fund community based screening agency to complete an application. Dollar Energy Fund developed an on-line application process entitled "I-Partner" which enables the Company to review grant applications more quickly. Peoples plans to continue to use Dollar Energy Fund Community Based Organizations as a

means for customers to apply for Dollar Energy Fund grants. These agencies work closely with the Company and refer eligible customers to CAP, LIURP and CARES as well. The Company will continue to explore ways to streamline the application process for its customers.

Organizational Structure of Staff responsible for Hardship Funds

See Organizational Chart, page 4.

Outreach Efforts

Peoples promotes Dollar Energy Fund and encourages customer donations in a number of ways including:

- Providing information about the program in bill inserts new customer welcome packet, press releases, and bill messaging to encourage customers to contribute to the Dollar Energy Fund by adding a dollar or more to their utility payment.
- A Dollar Energy Fund Pledge form is provided on the back of the bill to allow customers to designate a particular donation amount to be added to their bills on a monthly basis.
- Dollar Energy Fund is promoted on the Company's website and is available for customers who elect to receive their bills electronically.
- Sponsorship of the Dollar Energy Fund FAN Golf Outing Classic and Annual Luncheon. Cold Down for Warmth activities included an advertisement to encourage donations.
- Promotional activities with Lernerville Speedway including radio interviews, advertisements and special recognition during the races.
- Sponsorship of promotional events at the Altoona Curve, Minor League Baseball Team.
- Development of a signature event in partnership with Hearth and Home entitled the Warm Your Hearth...Touch a Heart Campaign featuring television advertisements, annual reception, and silent auction and matching donations from Hearth and Home.
- Peoples' employee support is encouraged through donations that are made on "Casual Fridays."
- Pittsburgh Pirates "Bring on the Heat" campaign where Peoples pledges a donation to Dollar Energy Fund for each strikeout.

Customers referred to the Universal Service Programs are screened for Dollar Energy Fund eligibility and referred to the program. Training is conducted for Customer Service Supervisors and representatives so that they can make referrals to eligible customers.

Identification of Eligible Customers

See information outlined under Customer Assistance Program.

Integration of Programs

See Integration Methods as outlined under the Customer Assistance Program.

CLEAN VERSION OF USECP

**Peoples Natural Gas Company LLC
And Peoples Gas Company LLC**

**UNIVERSAL SERVICE
AND
ENERGY CONSERVATION PLAN**

2019-2024

Amended 1/3/20 to reflect changes provided in the Addendum submitted
in response to the Final Policy Statement and Order entered
November 5, 2019 (Docket M-2019-3012599)

Additional modifications made as a result of the approval of Peoples
Natural Gas' base rate increase, effective October 29, 2019
(Docket No. R-2018-3006818)

Amended 4/23/20 to reflect changes provided in approved settlement to
the Joint Application of Aqua America and the Peoples Companies
(Docket No. A-2018-3006061)

Peoples
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LIST OF ATTACHMENTS

1. Attachment A -- Independent Evaluation Performed by APPRISE
2. Attachment B -- Sample CAP Bill
3. Attachment C -- LIURP Customer Pledge and Action Plan Forms
4. Attachment D -- Energy Conservation Education
5. Attachment E -- Programs Booklet
6. Attachment F -- Consumer Education & Outreach Plan

UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN

Overview

The Peoples Natural Gas Company (Peoples) submitted its current Universal Service Plan on July 16, 2014¹. It was approved by Final Order on December 17, 2015. The Plan incorporated the best practices of the Peoples and Equitable Divisions of Peoples Natural Gas and included an expansion of the Customer Assistance Program under a Pilot that allowed for participation for customers with significant balances and incomes between 151 and 200% of Federal Poverty Levels. The Company further amended the plan in 2016 to include an Emergency Furnace and Line Repair Program for the Equitable Division².

The Company has an active Universal Service Advisory Group (USAG) whose members include representatives from Office of Consumer Advocate, the PA Public Utility Commission's Office of Investigation & Enforcement and Bureau of Consumer Services, Public Utility Law Project, and local community partners such as Women's Center and Shelter of Pittsburgh, Salvation Army, Allegheny County Department of Aging, United Way PA 2-1-1, Catholic Charities and others. The USAG meets quarterly in January, April, July and October. The group provides valuable input into the outreach methods and communication efforts for the Company's Universal Service programs. It also has an important role in advising the Company on appropriate budgets, eligibility and program parameters. The input of the USAG was crucial to the development of this Plan and the changes proposed are reflective of the engagement of the group. The group's goal is to ensure the programs offered by the Company increase affordability, reach the vulnerable populations who need them and are managed effectively.

This Plan no longer includes the LIURP Pilot Community Partnership program. This program was designed to provide financial support to local organizations that offered energy conservation events and or programs in the Peoples Division service territory. The annual budget was \$50,000. When the program was launched in 2011, interest from partnering organizations was high and Peoples was able to support some very valuable conservation education programs. Over time, the number of proposals for support have continued to drop and in 2017, Peoples sponsored only one project and used the remaining funds to provide energy conservation programs developed and presented by Peoples' Energy Consultants. Therefore, the Company proposed, and the USAG agreed, that these annual funds would be better spent in the LIURP weatherization program, providing more available dollars to increase random inspections as well as health and safety spending. A letter of notification was submitted to the Bureau of Consumer Services on June 26, 2018 regarding the elimination of this program and use of these funds in the LIURP weatherization program. The transfer of the \$50,000 from the Community Partnership for Weatherization Program to LIURP is reflected in the LIURP budgets provided in this Plan.

¹ Docket M-2014-2432515

² Dockets P-2016-2562220 and M-2014-2432515

Plan Submission

This Plan will be in effect during the period from January 1, 2019 through December 31, 2021 and will be implemented upon approval by the Commission.

Plan Modifications

This Plan contains budgets and descriptions of the Universal Service programs offered by Peoples Gas Company LLC (formerly Peoples TWP) which is an affiliate of Peoples Natural Gas. As a small Natural Gas Distribution Company in Pennsylvania, Peoples Gas Company LLC is not required to submit a formal Plan for approval. However, because the processes and procedures of the Plan are so closely tied to that of Peoples Natural Gas, and because the third party administrators for the programs are the same, the Company has chosen to include information on both companies' programs in this Plan.

The proposed modifications, which are highlighted below, represent the Company's efforts to continually improve the effectiveness and efficiency of its Universal Service Program offerings. Proposed changes were developed from feedback received in the Independent Evaluation of 2017 and the input of the Company's USAG. The CAP Plus modification provided in this Plan was developed following data analysis and discussion of a working group whose members were Office of Consumer Advocate, PA PUC Office of Investigation and Enforcement and members of Public Utility Law Project (PULP). This CAP Plus modification is intended as an interim measure to positively impact affordability until the Commission provides further guidance regarding CAP designs following its study of affordability in Pennsylvania.

Customer Assistance Program

- Partnership with Duquesne Light to assist customers in enrolling in CAP for both companies with one income documentation submission.
- The CAP Plus calculation has been modified in an effort to maintain the affordability of CAP. The CAP Plus amount will continue to be calculated under the same methodology (i.e. LIHEAP receipts divided by CAP participants to arrive at a monthly CAP Plus charge), however the level of CAP Plus added to CAP participant bills will be limited to \$5 if the calculated amount exceeds \$5.
- Provision added to allow customers to re-enter CAP up to 9 months after termination or removal, maintaining the same pre-CAP amount as existed prior to their exit.
- Limit the use of LIHEAP receipts in lieu of providing income documentation for CAP enrollment to those funds received in the current (or prior if the season has recently closed) LIHEAP season. This reduces the timeframe for which LIHEAP receipts can be used to indicate eligibility from 2 years to approximately one year.

CARES/Hardship Funds

- Company will make all efforts to partner with electric companies to provide services to vulnerable customers within the residence to obtain documentation for possible programs participation and provide resources.

Low Income Usage Reduction Program (LIURP)

- Increased allowance per job to include remediation of the heating system in addition to implementing pre-determined measures and in some cases for health and safety measures that allow the Company to move forward with weatherization project that might have otherwise been prohibited.
- Provide for an increase of random inspections above 25% of annual jobs to allow for a more effective quality control of the program measures installation, new contractors and/or of those situations in which the Company deems it appropriate to provide additional oversight to a contractor/(s).

Pilot LIURP Emergency Furnace & Line Repair Program

- Increase the annual budget for the Equitable Division from \$275,000 to \$400,000.
- Increase the annual budget for Peoples Gas Company LLC from \$50,000 to \$60,000.
- Increase all annual budgets by 3% for each subsequent year to reflect increases in labor and material costs.
- Include costs of minor restoration that is necessary to ensure safety for gas line replacements that include excavation.

Plan Attachments and Coordination Efforts

A list of attachments to this Plan follows the Table of Contents.

An integral part of the Plan is the coordination of Universal Service Programs both within the Company and through external agencies. Employees receive training regarding sensitivity to those with special needs as well as program availability and eligibility. Employees of the Customer Service Center as well as Field Operations make referrals to the Customer Relations team via email or phone. In addition, area agencies are a key source of outreach efforts to customers and are supported through materials and/or presentations provided by the Company.

The steps used to identify eligible customers and methods of program coordination can be found listed in the first section, Customer Assistance Program. These steps apply to all of the Universal Service Programs in the Plan.

Organization

Universal Service Programs are managed and directed by the Customer Relations Department which is housed in the Operations organization of the Company. The organizational chart for Customer Relations is provided at the end of this section. While the programs themselves are managed exclusively in the Customer Relations department, the important work of outreach and referrals occur throughout the Company.

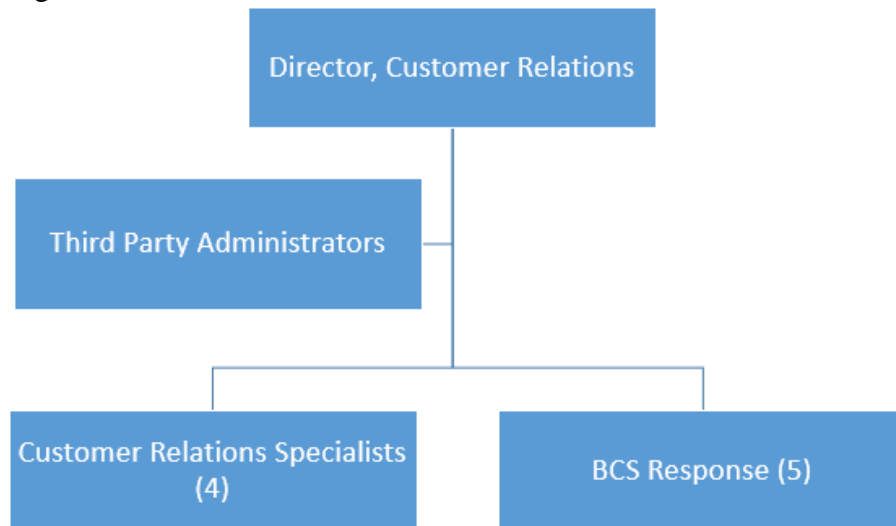
Incoming calls to the Company from low income customers are answered in the Customer Service Center, Monday through Friday from 7 a.m. to 5 p.m. Management of the Customer

Service Center is provided by the Sr. Director of Customer Service. All agents receive training on the Company's Universal Service Programs in order to make appropriate referrals. Customers who appear to be eligible and in need of the Customer Assistance Program are transferred directly to Dollar Energy Fund, the Company's CAP administrator, for immediate assistance. CAP participants who need the assistance of a Dollar Energy Fund Hardship Grant are directly transferred to Dollar Energy Fund to apply for the grant over the phone and are not required to visit an agency. Customers who are in need of other Universal Service programs such as weatherization, emergency heating assistance or CARES are referred by the Customer Service Center to the Customer Relations department for follow up.

In addition to the organization which supports the connection of customers with available assistance, customers can additionally self-refer. Through the Company's website, customers can contact the Company through the 'Peoples Helps' email line which is managed by the Customer Relations department. Customers creating an online payment arrangement through the Company's e-account portal, and who present with income less than 150% FPL are identified and their accounts are forwarded on a weekly basis to the CAP administrator for outreach for potential CAP enrollment and to offer other Universal Service programs as appropriate.

In order to ensure we reach the most vulnerable, an employee-only phone line has been implemented for the Field Operations team. Field technicians can dial directly into the Customer Relations department to make the Company aware of customers in difficult circumstances so help can be provided. Field employees also receive a stock of customer care cards that are essentially business cards with the Company's phone number and a list of programs to hand out to customers who could benefit from these programs. Customer Relations staff members additionally provide 'on call' service to Operations after normal working hours and on weekends. This service allows us to coordinate assistance for vulnerable customers, particularly if an issue arises in colder weather that affects heat to the home.

Customer support has high visibility in the Company as seen through regular presentations to the management team. Educating employees on Universal Service programs is a key focus of Peoples' Making Life Better mission.



CUSTOMER ASSISTANCE PROGRAM (CAP)

Program Description

Peoples CAP is a special payment plan for low-income, payment-troubled customers. Through CAP, low income customers pay a percentage of their income for natural gas service. The reduced payment amount is designed to improve payment compliance and reduce collection activities.

Eligible customers agree to pay 4%, 5%, 6% or 7% of their verified before-tax monthly income for natural gas service. The household income and family size determine which percentage of income the customer is to pay. If the average bill for the premises is lower than the calculated percentage of income payment, the customer's CAP payment will be the average bill amount.

Findings and Recommendations from Independent Evaluation

1. Phone and Agency Enrollment – Most customers enroll in CAP over the telephone by calling DEF. Customers appear to appreciate the convenience of the telephone enrollment and very few customers visit an agency to enroll in CAP. However, there may be additional cases where agency enrollment may provide important benefits to the customer such as quicker enrollment or more education and referrals, and should be recommended.
2. Income Verification – Peoples has reported that they are working to make it even easier for customer to provide income documentation, by creating additional mechanisms for customers to submit the information.
3. Recertification – As with enrollment, customers appear to appreciate the ability to recertify by mailing in their documentation rather than visiting an agency. However, it may be beneficial for Peoples to suggest that certain customers visit an agency to recertify to obtain a better understanding of the program, the importance of making the monthly CAP payment, and additional resources that may be available to assist them in meeting their needs.
4. CAP Bill – Peoples has designed a CAP bill that provides a clear presentation of the monthly CAP payment, the five dollar contribution for arrearages and the CAP credit as the difference between actual usage and the CAP payment. Peoples could add information on the amount of arrearage forgiveness that will be received when they pay their bill to make this even more apparent.
5. CAP Plus – The CAP Plus adder impacts energy burden and affordability. Peoples should continue to monitor this adder and asses how increases impact affordability, especially for the lowest income customers.
6. Affordability – The CAP survey and the transactions data analysis clearly showed that the program has improved affordability for participants.
7. Bill Payment – CAP also had a positive impact on bill payment.
8. CAP Satisfaction – Customers reported that CAP was very important in helping them to meet their needs and their satisfaction was high.

Modifications Since Last Plan

Peoples implemented the suggestion provided in finding number 4 above regarding the CAP bill. A message has been added to CAP bills, directly below the CAP payment amount, to remind customers of the Arrearage Forgiveness benefit they will receive by making the payment. Please refer to Attachment B for an example of this bill message.

In response to finding number 5, Peoples engaged the regulatory focused members of its Universal Service Advisory Group to review, analyze and discuss potential CAP Plus modifications to address the affordability impact on the lowest income participants in its program. This working group analyzed data and held discussions that led to the modification of the CAP Plus mechanism that is described in this Plan.

The Company also considered the suggestion from the independent evaluation that some customers will be better served through enrolling in CAP in person. While this option has always existed at any Dollar Energy Fund agency, the Company has taken steps to increase the visibility of this option and to encourage its phone agents to offer this option to customers. There has also been a change to agency compensation, providing for agency reimbursement for the cost of completing a CAP application, regardless of whether the customer is ultimately enrolled. The Company has provided CAP training at Catholic Charities of Allegheny County so that customers can apply for CAP in person.

In order to ensure income eligibility, the Company has changed the LIHEAP eligibility provision of its CAP enrollment process to limit the use of LIHEAP in lieu of income documentation to customers who have received a LIHEAP cash or Crisis grant within the current or most recent program year. Prior to this change, customers could enroll into CAP without submitting income documentation if the Company had received LIHEAP funds in the past two years.

Eligibility Criteria

The CAP program is available to customers who are at or below 200% of the Federal Poverty Income Level (See Attachment E - Income Guidelines). The customer must have active residential heating service.

Customers with incomes between 151 and 200% of Federal Poverty Level must additionally have at least one broken payment arrangement and a significant arrearage. A significant arrearage is generally defined as a balance of \$800 or more, but flexibility is given in the evaluation of individual circumstances. Customers in this income group must apply for a Dollar Energy Hardship Fund Grant to be applied to their account balance prior to entering the CAP program if such funds are currently available.

Prior CAP customers who apply for service within nine months of service termination or discontinuance will continue to be considered active participants provided that they pay their CAP bill arrearage. An applicant with an outstanding balance may enroll in CAP upon initiation of service once restoration requirements are met.

Upon contact, a customer may be enrolled in CAP without providing income documentation if he/she has received a LIHEAP payment within the current or most recent LIHEAP program year. Peoples will accept a customer's participation in an electric or water CAP program as verification of income if the customer provides authorization for the CAP administrator to utilize income documentation submitted by the customer to enroll in another CAP program managed by the administrator (i.e. First Energy, Pennsylvania American Water) or authorizes another utility CAP program to share income information for the purposes of enrollment. If a customer enrolls in Duquesne Light's CAP program and provides their permission for their information to be shared, the Company will receive the customer's information from Duquesne Light and will complete enrollment on behalf of the customer. The customer may submit income for the past 30 days or 12 months, whichever is more beneficial to the household, for the determination of eligibility to participate in CAP.

The Company will follow its collections procedures for customers who fail to meet their CAP payments in a timely manner. In all cases, the Company reserves the right to delay termination based on individual, extraordinary customer circumstances.

Low Income Home Energy Assistance Program – LIHEAP Coordination

The LIHEAP and LIHEAP Crisis Program provide grants to eligible households to help with their utility bills. CAP participants should apply for LIHEAP and the Company provides information on how to apply for the grants. The Company mails annual reminder letter to CAP participants who have not yet received a LIHEAP grant within the program year. CAP participants are asked to direct payment of any LIHEAP cash benefit grant that they receive to Peoples. The LIHEAP Crisis Grant may be requested contingent upon state developed criteria and would be applied consistent with state guidelines.

Current Program Benefits

- Affordable monthly payments based on ability to pay.
- Monthly CAP credits.
- Monthly arrearage forgiveness when timely CAP payments are received.
- Exemption from late payment charges and waived security deposits for CAP eligible applicants.
- Referrals to other Universal Service programs and assistance programs

Payment Plan

Peoples utilizes a "Percent of Income Payment Plan" to establish a customer's monthly payment. Applicants must provide proof of household income when applying for the CAP program unless

they have received a LIHEAP grant within the current or prior program year (if the program recently closed). Household income and family size will place customers in a percent of income matrix. The monthly income times the 8, 9, 10 or 11 percent equals the minimum monthly payment, unless the budget amount for the premises is less, in which case the budget amount will become the CAP amount

<u>Federal Poverty Status</u>	<u>Percent of Income</u>
0 - 50%	4%
51 – 100%	5%
101 – 150%	6%
151 – 200%	7%

Customers’ CAP payments are reviewed on a monthly basis, during the billing process, to ensure the customer’s CAP payment is the lowest payment for which the customer is eligible (i.e. budget or percentage of income). If a payment change is needed, it is effective the following month. A bill message on the current bill advises the customer the CAP payment for the following month will be changing in order to alert them to review the next bill closely. In order to maintain a stable payment, absent any special circumstances such as billing adjustments, the payment will be changed no more often than once every three months.

Customers reporting ‘zero income’ can be enrolled or continue to participate in CAP by completing the Zero Income Form.. Customers enrolled with ‘zero income’ will be billed the CAP minimum payment and will be required to recertify their income status in 6 months. Payments received from the customer exceeding the current CAP payment due will be used to reduce the following month’s CAP payment amount.

Program Dimensions

1. CAP Enrollment

The current number of active CAP participants, as of December 31, 2019 is provided in the table that follows. Enrollment is not limited to a predetermined level. Customers must be payment-troubled and low-income to be eligible. Income eligibility is established at or below of 200% of the federal poverty level.

Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
30,100	2,770	32,870

2. Arrearage Forgiveness

CAP customers with pre-program arrearages are eligible for Arrearage Forgiveness credits equal to 1/36th of their pre-program balance when the customer pays the required CAP payment. This program allows CAP participants to fully extinguish their pre-program balance over a three (3) year period. Arrearage Forgiveness credits are provided when the

customer makes each on-time and in-full monthly CAP payment, regardless of CAP arrearages.

3. Calculation of CAP Credits

CAP credits are applied on a monthly basis when the CAP bill is issued to the customer. Per 52 § 69.262, a CAP credit is defined as the difference between the CAP customer's actual usage bill and the CAP monthly bill.

4. CAP Administration and Use of Community Based Organizations

Dollar Energy Fund administers Peoples' CAP program which includes verification of eligibility, recertification and day to day account monitoring. The agency has a network of community based organizations that are available to complete CAP applications for eligible customers.

The Company also utilizes utility partnerships and agencies such as Catholic Charities for CAP enrollment to simplify the process for customers and increase the likelihood customers will enroll in CAP programs with each of their utility providers.

5. CAP Customers who have enrolled on the basis of LIHEAP or who have certain fixed income types (pension, social security or disability) are recertified once every three years. Other income types will recertify once every two years. Customer reporting no income are required to recertify at least every (6) months. The exception to this requirement are those households whose sole income is unearned income for a child. In those cases, recertification, dependent on the type of income received by the child, will follow the recertification schedule provided for that type of income. Recertification begins with the issuance of a letter to the customer, 60 days in advance of the recertification date, requesting the customer to submit proof of income to remain active in the CAP program. A second reminder letter is mailed 30 days later. If at the end of the 60 day period, the customer has not provided the required income documentation, the customer will be dismissed from the CAP program.
6. Final Bills – Final bills are calculated by determining gas usage from the last bill date to the end of service date and applying currently effective residential rates. In addition to the current portion of the final bill, the formerly frozen pre-CAP balance becomes due.

Control Features

To limit program costs, Peoples, through its administrator, monitors CAP accounts to ensure customers are complying with the terms of the program and are receiving the proper benefits from CAP and other Universal Service Programs.

- The minimum payment for a heating account is \$25 per month plus \$5 for the arrearage for a total minimum monthly payment of \$30 (prior to the addition of the currently effective CAP Plus amount).

- CAP participants who qualify for weatherization will receive priority in accordance with the criteria established for the LIURP Program.
- A CAP customer who meets the eligibility criteria for LIHEAP will be encouraged to complete an application.
- Upon enrollment in CAP, participants will be advised of the importance of energy conservation and will receive information on conservation tips and weatherization programs. Customers with a history of high energy usage will be referred to the Company's weatherization program (LIURP) and any other appropriate programs. All participants will be advised that their usage will be reviewed on an ongoing basis and unjustified excess CAP usage or excess CAP credits may result in removal from the CAP Program if such usage is considered by the Company to be outside of the intentions of the CAP program.
- A daily report allows the CAP Administrator to identify CAP customers whose weather-normalized annual usage has increased by more than 25% for Peoples Natural Gas or 20% for Peoples Gas Company LLC. When a CAP customer's account appears in the report, the Company representative will take the following steps:
 - The account will be reviewed and the customer will be contacted in order to determine if the increase in gas usage is justified. Justified usage may include: increase in household size, serious illness of a family member, or usage was beyond the household's ability to control. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, § 69.261-267.
 - Any customer with unjustified excess usage will be contacted and provided with conservation information, tips for decreasing usage, and referred to weatherization programs. Unjustified excess usage may result in the CAP customer being removed from the CAP Program.
- In addition to usage monitoring, Peoples monitors customers who exceed \$1,000 in CAP credits. In advance of reaching the \$1,000 threshold, customers will be notified of their current use of CAP credits and offered information about the LIURP weatherization program when they reach 50% or \$500 in CAP credits and again at 75% or \$750 in CAP credits annually. Such notification will include a description of the customer's responsibility to monitor their gas usage and advisement that the customer may be held responsible for CAP credits exceeding the \$1,000 CAP credit limit.
 - When an account exceeds the \$1,000 CAP credit threshold, the account is reviewed and the customer is contacted in order to determine if excess CAP credits are justified. Justification may include: an increase in household size, serious illness of a family member, or usage was beyond the household's ability

to control. Special needs customers identified through this process will be referred to the CARES program in accordance with 52 PA Code, §69.261-267.

- Unjustified CAP credits in excess of \$1,000 may result in removal from participation in CAP.

Default, Termination Conditions and Requests for Removal

The Company monitors accounts for changes in family size or income, timely payments, appropriate usage and timely meter readings. A CAP participant's failure to comply with one or more of the following may result in the Company ending the customer's opportunity to receive service under CAP:

- Failure to allow access to or provide customer meter readings in four consecutive months.
- Failure to report changes in income or family size.
- Failure to recertify as requested and/or to meet eligibility requirements.
- Failure to make payments may result in the Company undertaking collection activities which may lead to termination of service. To avoid termination, the customer must pay CAP arrears prior to the scheduled termination date. If a CAP account is terminated, the customer must pay all missed CAP payments to restore service.
- Use of natural gas, while on the CAP Program, for recreational purposes such as, but not limited to pool heaters and gas grills is prohibited. Customers using gas for recreational purposes will be removed and can be re-enrolled upon verification that the natural gas connection to the recreational appliance has been removed.

Appeal Process

CAP applicants may appeal the denial of eligibility. If the CAP applicant is not satisfied with the Company's initial eligibility determination, the Company will follow the dispute procedures at 52 PA. Code §56.151 and 56.152. The CAP applicant may also appeal the denial of eligibility to the PUC's Bureau of Consumer Services in accordance with 52 PA Code §56.161-56.165.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided as Attachment A. The Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Program Budget

- The CAP Program is funded by Peoples' customers and administered by the Company. The chart below contains the projected expenditures for 2019-2024 period. Cost recovery of

particular CAP components is provided through the Universal Service Riders of Peoples Natural Gas and Peoples Gas Company LLC. Recoverable costs include CAP credits, Arrearage Forgiveness, and third-party administration. The budgets provided below are based on 2019 actual participant income and using average CAP usage to calculate CAP credits, average pre-CAP balances to calculate Arrearage Forgiveness and contractual costs for CAP administration as projected on a yearly basis. The Riders have other adjustments, such as bad debt adjustments, that determine the actual amount recoverable. The Riders are subject to an annual reconciliation to actual experience. The rates used in the calculation of CAP credits are effective January 1, 2020 and therefore include the base rate increase approved for Peoples Natural Gas in late October 2019. Year end 2019 participation is used as the basis for the calculation.

	Peoples Natural Gas	Peoples Gas Company LLC (PTWP)	Total
2019			
2020	\$16,494,998	\$1,721,509	\$18,216,507
2021	\$16,528,386	\$1,724,811	\$18,253,197
2022	\$16,562,775	\$1,728,212	\$18,290,987
2023	\$16,598,196	\$1,731,715	\$18,329,911
2024	\$16,634,679	\$1,735,323	\$18,370,002

Plans to Use Community Based Organizations

Peoples' CAP program is managed by Peoples' staff and administered by Dollar Energy Fund. Dollar Energy Fund will contract with community based organizations throughout PNG's service territory. While enrollment over the phone is preferred by most customers, the Company recognizes the need to offer in person enrollment for those who prefer and/or are more suited to this approach. Customers can apply in person at Dollar Energy Fund agencies and some Catholic Charities offices. The Company continues to look for other opportunities to expand availability of in-person CAP applications in partnership with Duquesne Light. Peoples continues to work closely with community-based organizations to provide appropriate follow up, information on education, budget counseling and referrals in conjunction with LIURP. In addition, Peoples refers eligible customers to appropriate programs and services including, but not limited to, sources of third-party funding, budget counseling, and consumer education.

Organizational Structure of Staff responsible for CAP

Peoples' CAP program is managed by the Customer Relations department and is administered by Dollar Energy Fund. The Company visits the CAP administrator on a monthly basis, reviewing recorded calls for quality assurance, verifying CAP program control processes are completed in a timely basis and meeting with supervisory staff to review current processes including training materials for agents, correspondence used for customers and other pertinent components of CAP administration. The Company also holds a biweekly conference call with DEF management staff

to share updates on program availability (i.e. LIHEAP opening/closing), discuss current trends and to gain status updates on outreach efforts. In addition, the Company will, on an annual basis, review a selection of randomly chosen accounts for income documentation verification.

Outreach and Intake Efforts for CAP

Peoples will provide outreach for CAP and other Universal Service Programs through the Customer Service Center, the Company website and other forms of media as listed below. Fliers are included with termination notices to inform customers of available programs. Bill inserts, press releases and other information are also provided to the public to encourage referrals. Community-based agencies receive information on these programs and are encouraged to make referrals as well. Meetings are held with social service agencies, elected officials and other community groups to provide current information on available programs. Information on the programs can also be found on the Company's website. Peoples will also utilize the Southwestern PA 2-1-1 for referrals and provide updated information to the Company's Universal Service Advisory Group. The CAP Administrator makes outbound calls to all customers who establish a payment arrangement through the Company's e-account which is reflective of income at or below 150% FPL.

Identification of Specific Steps to Identify and Enroll Low-Income Customers

Potentially eligible customers are identified through their income information that is documented in the Company's billing system. Customer Service Center Representatives receive training on identification of potential referrals to all Universal Service Programs. Following pre-screening for eligibility and appropriateness of CAP program for the customer's situation, the call agent refers them to the administrator for enrollment via phone or provides information to the customer about applying in person if that options is more preferable or suitable to the customer. Customers in need of CAP who appear to have challenges to traditional enrollment and require more support can be referred to the Company's CARES program for additional assistance. Information on income eligibility and program dimensions is provided in training and employee resource materials.

Integration of Programs

All customers calling Peoples' general customer service number (1-800-764-0111) or its Universal Service line (1-800-400-WARM) are screened for eligibility and appropriateness of Universal Service Programs including, but not limited to, CAP, LIURP, LIHEAP, CARES and Hardship Funds.

Field Service Personnel also make referrals to Universal Service Programs through a direct, employee only line that is answered by the Customer Relations department on an immediate basis. The Company provides Customer Service Center representatives with information and referral mechanisms for all of the Universal Service Programs and includes income guidelines and eligibility criteria.

LOW INCOME USAGE REDUCTION PROGRAM (LIURP)

Program Description

Peoples' LIURP Program is designed to help low income customers who have problems coping with high gas bills. Program goals are to make the home more energy efficient, control high usage and achieve bill reduction through energy savings.

Independent Evaluation Findings & Recommendations

1. Energy Education – Peoples has developed an extensive education program for their LIURP participants. They implemented a Pledge Form to involve the customers with the contractor and an Action Plan form that lists the actions that the customer committed to take to further reduce gas usage. Peoples contracts with energy consultants who perform random inspections and provide additional energy education to the customers about the work completed and additional actions the customers can take to save energy.
2. Energy Savings – Peoples has achieved high savings from LIURP, averaging about 20 percent of the customers' pre-treatment natural gas usage. However, given the high level of pre-treatment usage, and the investment level, Peoples should consider whether it may be possible to achieve even higher savings through targeting and the services that are provided.
3. Targeting – Peoples should consider whether they want to make additional efforts to serve the highest of the high users or the customers who are most payment troubled. They could target a subset of high-usage list for additional outreach to encourage participation.
4. Energy Efficient Measures – Peoples should assess whether they are opportunities to reduce the number of heating system replacements and increase the emphasis on air sealing and insulation.
5. Coordination – Peoples works to complete jobs that are combined with the PA Department of Community and Economic Development Weatherization Program and with electric companies. When jobs are coordinated with State Weatherization or electric companies, Peoples is typically responsible for replacing the heating appliance if replacement is necessary. They completed 17 combined jobs in 2014, 23 combined jobs in 2013, and 33 combined jobs in 2012. Peoples should continue to work with the electric companies, as planned, to try to increase coordination, thus providing improved energy efficiency through a holistic approach.

Modifications Since Last Plan

As described in the Independent Evaluation findings, the Company implemented a pledge form and an action plan form with the goal of enhancing the customer's commitment to conservation as well as the contractor's commitment to usage reduction. The pledge and action plan forms are provided as Attachment C.

Individual project budget guidelines were expanded to allow for remediation of the heating system in addition to implementing the pre-determined usage reduction measures to maximize the efficiency gained in the project. The program also provides a more generous allowance for health and safety items (those measures that do not offer a usage reduction outcome). This allows for the completion of jobs that may have otherwise required the company to forego the project and additionally benefits the overall health and safety of the household.

Participants who do not experience a reduction in pre-treatment usage (non-savers) participate in a Non-Savers Survey which attempts to identify the reasons for the current usage while additionally providing energy conservation education.

The Company accepts Weatherization Assistance Program (WAP) and First Energy Companies' audit forms for those jobs performed as a partnership to reduce the paperwork requirements of the contractors and further encourage coordination of services.

Peoples Natural Gas received approval for a base rate increase effective October 29, 2019. This approval included an increase of \$650,000 to the annual LIURP budget. This change is reflected in years 2020 through 2024 below.

Eligibility Criteria

As recommended by the Independent Evaluation, participation will be targeted to customer that are the highest users.

- Prioritize customer participation to the lowest income and highest arrears.
- Total family income does not exceed 150% of Federal Poverty Guidelines. (Up to 20% of the annual program budget may be allocated to customers with incomes from 151-200% of the federal poverty level on a case-by-case basis.)
- Residential, gas-heating customer.
- Customer has not moved and has not had gas service terminated within the last year (to ensure sufficient pre-treatment usage information is available to evaluate the effectiveness of weatherization measures).
- Customer has not received weatherization services provided by the Company within the past 7 years.
- Customer has an annual consumption greater than 140 MCF/year for the Peoples and Equitable Divisions of Peoples Natural Gas. Customers of Peoples Gas Company LLC (formerly Peoples TWP) may participate if annual consumption exceeds 120 MCF/year.
- Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems.

Home Weatherization

An energy auditor visits the customer's home and conducts a thorough investigation. The auditor assesses areas where heat is escaping and cold is entering the house and also notes any previous weatherization measures that were installed and evaluates their effectiveness. The auditor asks customers to provide additional information that can assist them during the home inspection.

The information that is gathered by the auditor determines what measures will most benefit the goal of energy reduction in the customer's home. Measures are installed based on established payback criteria and may include:

- Heating system improvements and replacements
- Attic, sidewall, and other types of insulation
- Caulking and weather-stripping
- Air sealing
- Hot water treatments including tank improvements, wrapping and replacements
- Minor repairs that relate to weatherization

A general guideline of \$500 per job for health and safety is provided with the understanding that the auditor may recommend measures of up \$1,000 if necessary. If health and safety measures are identified exceeding \$1,000, the measures are reviewed for approval on a case-by-case basis.

State Weatherization (WAP) and First Energy Companies' audit forms are accepted by the Company for coordinated jobs.

Random inspections provide the necessary feedback to better serve customers, evaluate contractor performance and identify areas of improvement. Random inspections will be performed on a minimum of 25% of jobs completed annually.

Energy Education

In addition to weatherization services, LIURP provides customer education to encourage ongoing conservation. When energy conservation measures are being installed, an educator will explain the weatherization program in more detail and provide conservation and energy efficiency suggestions. The educator may provide "hands on" demonstrations of conservation measures such as lowering the heating system thermostat, lowering the water heater setting and regular replacement of furnace filters. The educator provides written reference materials for the customers. The contractor will also review a pledge form with the customer to emphasize the commitment to energy reduction.

If the customer has had an unusually high increase in consumption, a follow up telephone call or visit may be scheduled one year after the program measures have been completed.

Please refer to Attachment D for a conservation booklet that is commonly used for energy education.

Needs Assessment

Please refer to the Needs Assessment conducted in the Independent Evaluation which is provided at Attachment A. The Needs Assessment executive summary is provided on pages xvi through xvii. The full needs assessment is provided on pages 38 through 43.

Projected Enrollment Levels

	Peoples Natural Gas	Peoples Gas (formerly PTWP)	Total
2019	271	40	311
2020	417	40	457
2021	344	40	384
2022	344	40	374
2023	344	40	374
2024	344	40	374
Total	2,064	240	2,304

These projections are based on average spending per home, including the implementation of heating appliance replacement (if necessary) and installation of necessary usage reduction measures.

Program Budget

	Peoples Natural Gas	Peoples Gas (formerly PTWP)	Total
2019	\$2,100,000	\$280,000	\$2,380,000
2020	\$3,342,154*	\$368,222*	\$3,710,376
2021	\$2,750,000	\$280,000	\$3,030,000
2022	\$2,750,000	\$280,000	\$3,030,000
2023	\$2,750,000	\$280,000	\$3,030,000
2024	\$2,750,000	\$280,000	\$3,030,000
Total	\$16,442,154	\$1,768,222	\$18,210,376

*Please note 2020 budgets include projected carryover dollars from 2019.

The above figures include installation of program measures, third party contract labor, administrative expenses, agency meetings, equipment, outreach, and educational materials. The Peoples Division budget reflects an increase of \$50,000 annually which represents the elimination of the LIURP Pilot Community Partnership for Weatherization program and the transfer of that program's budget to LIURP.

Figures provided include shareholder funds where applicable.

Plans to use Community Based Organizations

Peoples' LIURP program is currently managed in-house and administered through CLEAResult. As its current administrator, CLEAResult will conduct energy audits, contract with non-profit community action agencies and private contractors as appropriate to install weatherization measures provide consumer education and perform post-installation inspections. Partnering with state weatherization and other utility programs are emphasized to maximize the benefits to the consumer. In addition, at least 25% of the homes weatherized will be subject to random inspections.

Organizational Structure of Staff responsible for LIURP

See Organizational Chart, page 4.

Outreach and Intake Efforts for LIURP

The company promotes LIURP through internal and external efforts. Training is provided to customer interaction personnel including agents in the customer service center and customer service field personnel. Engagement with organizations who service customers throughout the service territory, the company website which includes a video library on conservation, published articles on easy conservation steps and safety information. Bill inserts are also used to share information about LIURP and identify eligible participants.

All customers who contact the Company for assistance from the Emergency Furnace and Line Repair program are screened for LIURP eligibility.

Customers who participate in the CAP program and meet LIURP eligibility criteria are referred to LIURP during the CAP Intake Process and during the reviews for use of CAP credits and/or increased annual usage. Additionally, agents in the customer service center routinely refer customers they encounter with high usage.

Peoples' coordinates its LIURP Program with existing community-based programs including Beaver County Redevelopment Authority, Re-Energize Pittsburgh, LIHEAP/ Crisis program, WAP (Weatherization Assistance Program) and others as each individual circumstance permits.

CLEAResult, the LIURP Administrator, receives a list from the Company of potentially eligible customers at the beginning of each calendar year. CLEAResult uses this list to contact customers via mailings and phone calls to inform the customer about the program and offer enrollment.

Steps to Identify and Enroll Low Income Customers

Eligible customers are identified through company internal reports and other universal service programs such as the CAP, CARES and LIHEAP programs. Customers are enrolled in the LIURP program in accordance with program guidelines.

The company provides training to employees who interact with the customers so that they can be informed about program eligibility requirements. In addition, the company makes all efforts to educate agencies who serve our customers so that they may refer potential participants.

Integration of Programs

Peoples continues to look for ways to increase coordination with the federal and state weatherization programs, electric utilities weatherization and Act 129 programs. Additionally, when opportunities offered by other non-profit organizations are available, the Company seeks coordination with these third party efforts as well.

Peoples will also integrate the program through internal processes such as CAP intake, recertification, CAP usage review process, LIHEAP recipients and the Emergency Furnace/Line replacement program. In addition, the company reinforces the use of an internal Universal Service e-mail to increase referrals.

LIURP -- EMERGENCY FURNACE / SERVICE LINE REPAIR ASSISTANCE

Program Description

The Peoples companies Emergency Furnace/House and Service Line Repair Program serves customers with limited income and who are experiencing a crisis and possibly going through the winter months without heat because they cannot afford to have their furnace or service lines repaired. Additionally, the Company may consider replacement or repair of water heaters, in cases of vulnerable customer needs, safety issues that arise during a furnace replacement and/or as required by the replacement of a heating system, as eligible under this program.

Program budgets for 2019 were as follows:

Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
\$800,000*	\$50,000	\$850,000

*\$400,000 budget for Equitable Division was approved in 2019 (M-2014-2432515), resulting in an overall budget for Peoples Natural Gas of \$800,000 annually.

These budget levels were also in place during 2017 and were fully exhausted. Early 2018 was colder than normal, resulting in a high number of heating system failures and an increased need for assistance from the program. The budgets included in this Plan were developed using average costs per job type (i.e. furnace, boiler, service line) and activity levels.

The program will allow for restoration of sidewalks, driveways and/or soft ground when necessary to ensure safety following excavation. Restoration costs covered by the program will be limited to those directly necessary to avoid an unsafe condition. All jobs that have the potential to require restoration will be evaluated to determine the prospective level of excavation related costs in determining whether the repair/replacement project can be covered under the Company's program.

The company partners with the Air Conditioners Contractors of Western PA (ACCWPA) to provide cleaning and tune up and a safety check prior to the heating season, of the heating appliance for small number of participants (30 in 2017). While the ACCWPA volunteers their time to provide the service, customers may receive financial assistance through the Company's program to resolve a repair or provide a replacement if a safety issue with the heating system is identified. Participants in the program are required to be homeowners within 200% of FPL.

Eligibility Criteria

- Homeowners are eligible to participate as long as budget dollars are available. Up to 25% of the annual budget may be used to serve renters.
- Total household income may not exceed 200% of FPL.

- Must have a need for emergency repairs and/or replacement of the heating system, hot water heater and/or gas lines. Non-emergency repairs and replacements are not covered by this program.
- Residential, gas-heating customers only
- Customers should apply for LIHEAP/Crisis is the program is available.
- All requests for assistance will be processed on a first-come, first-served basis.

The Company may refer eligible customers to LIHEAP Crisis when that program is available. This referral process allows Peoples to protect available funds of the program for use by those with immediate needs that cannot await LIHEAP Crisis as well as those customers who do not meet LIHEAP Crisis income qualifications (i.e. 151 to 200% FPL).

All potential repairs or replacements are evaluated by a contractor on behalf of the company to determine if the project is suitable to be covered by the program.

Needs Assessment

Based on historical participation the Peoples companies estimate to serve 320 customers from the Peoples Natural Gas and 25 customers from the Peoples Gas Company LLC to receive assistance through this program on an annual basis.

Projected Enrollment Levels

Because the prices for labor and materials consistently increase, and with the addition of limited restoration costs on an as necessary basis, the number of customers assisted will vary in relation to the types and costs of projects completed in a given year.

Program Budget

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$800,000	\$60,000	\$860,000
2020	\$887,750	\$73,050	\$960,800
2021	\$912,470	\$74,904	\$987,374
2022	\$937,932	\$76,814	\$1,014,746
2023	\$964,157	\$78,781	\$1,042,938
2024	\$988,169	\$80,806	\$1,068,975
Total	\$5,235,478	\$444,355	\$5,934,833

The budget for each Division/Company was developed using average costs for project types: boiler replacement, furnace replacement, heating system repairs and gas service line replacements. Additionally, the Company assumed 20% of the service line projects will require

repair/replacement of sidewalks. The costs above include third party administration, but do not include internal labor.

The approved settlement of the acquisition of the Peoples companies included an increase to this program of \$75,000 annually. This increase is funded by shareholders for a three-year period post-closing. After the three-year period, the program will be funded by the approved cost recovery mechanism in place at that time. The increase of \$75,000 is an increase of 8.8% to existing budgets (\$850,000). Because the Peoples Gas Company has historically exhausted its annual funds, often prior to year-end, the proposed allocation assigns 15% of the increase (\$11,250) to Peoples Gas and the remainder (\$63,750) to Peoples Natural Gas. This allocation provides needed support Peoples Gas customers while retaining an 8% increase for Peoples Natural Gas that closely aligns with the settlement increase.

Organizational Structure

See Organizational Chart on page 4.

Outreach and Intake Efforts

Peoples will coordinate the emergency program with existing programs through Department of Community Economic Development (“DCED”) and LIHEAP Crisis and will accept referrals from community based organizations, Company representatives and other third parties.

Identification of Low Income Customers

As this is an emergency assistance program, customers self-identify or are referred by local community service agencies or Company field personnel.

Program Integration

The program is currently administered by CLEAResult. In order to realize efficiencies and better coordinate with other programs, the agency will utilize subcontractors who are currently working to implement the Peoples’ LIURP program.

CUSTOMER ASSISTANCE REFERRAL AND EVALUATION SERVICES (CARES)

Program Description

The CARES program is designed to provide assessment and referral services for customers who may be experiencing an inability to pay their gas bills and/or have special needs such as a serious medical condition, a mental health condition, limited learning ability, recent unemployment, single parent issues, etc. The program also includes Protection from Abuse Orders as outlined in 66 PA CSA, Chapter 14 and the Address Confidentiality Program (ACP).

Findings and Recommendations from the Independent Evaluation

1. Benefits – CARES provides important benefits to special needs customers, including education about the Earned Income Tax Credit and LIHEAP, thermostats for visually-impaired customers and short term assistance to ensure that customers are able to access the resources that they are referred to.
2. Employee Education – Peoples has levered CARES to educate employees about special needs customers, increase the sensitivity of their employees and increase customer referrals.

Modifications Since last Plan

The company will make efforts to partner with the electric company to provide services to vulnerable customers within the residence. The services will include obtaining documentation for Universal Service eligibility such as CAP, LIHEAP, and Dollar Energy Fund and will also provide resources within the customers' community and also promote the company programs.

Eligibility Criteria

Any special needs customer in danger of losing heat due to non-payment or heating equipment failure is referred to CARES. Customers are identified through referrals from call center agents, Dollar Energy Fund agents and field employees of Peoples. Income guidelines for the LIHEAP and Crisis programs are established by the Pennsylvania Department of Human Services and may change annually. LIHEAP eligibility is currently established at 150% of the federal poverty level.

The CARES program is intended for customers with immediate needs. Specialists provide an assessment to assure customers not only receive all necessary referrals to other programs, but are unable to access resources. The primary objective is to help customers resolve issues related to

and beyond bill payment and energy affordability by utilizing case management and referral services.

Customer Relations Specialists utilize an array of resources throughout the service territory such as: available energy assistance resources, public assistance benefits, local social agencies services etc. Specialists also provide training on programs and sensitivity training to customer service center personnel, field customer service personnel, in addition to providing Universal Service program awareness to social service staff. They also network with community based organizations and the Universal Service Advisory Group to better enable customers to receive services and possible third party assistance and funding.

Some of the agencies are as follows:

- Health and Welfare Councils
- Department of Aging
- Allegheny County Community Services Advisory Council
- Health Department
- Pennsylvania Department of Human Services
- Social Service Agency Providers Council
- Cambria County Energy Crisis Council
- Local social agencies such as Catholic Charities and Saint Vincent de Paul Society in the area.
- Beaver County Human Service Forum
- Veterans Leadership
- Allies for Health and Wellbeing- Housing Program
- Latino Family Center

Specialists also participate in awareness programs and fairs sponsored by social service agencies and elected officials to increase visibility and awareness. They also actively network in the community through partnerships with:

- Be Utility Wise
- Air Conditioning Contractors of Western Pennsylvania (ACCWPA) Furnace Inspection program
- Homeless Prevention & Rapid Re-Housing Program
- Southwestern PA 2-1-1
- Beaver County Human Service Forum
- YWCA of Greater Pittsburgh advisory committee

Customer Relations Specialists work with area social service agencies throughout the service territory to provide third party assistance for our customers. As a result, eligible customers might receive financial assistance from third party social service agencies such as Catholic Charities, Salvation Army, St. Vincent de Paul Society, Veterans Leadership in addition to traditional energy assistance etc.

Peoples will also work through a social agencies and electric utilities partnership to provide home visits for those customers with special needs who might benefit from a more personal interaction.

The CARES program has two components:

- One time contact - includes those customers who might need an immediate referral to resolve an urgent crisis or a short term situation.
- Case Management – includes a case work approach and ongoing monitoring and follow-up services. Qualifying accounts are coded CARES and require the specialist to monitor the account. Customers with PFA orders and participants of the ACP are part of the case management component.

Field Reporting of CARES Cases

The CARES program also includes the referrals from field employees who identify customers in vulnerable situations and refers those customers for help from our Customer Relations department. A direct employee only phone number is used to connect the field employees to the Customer Relations department on an immediate basis during normal working hours. Recognizing that our field employees respond to emergencies 24 hours/7 days a week and may identify a vulnerable customer issue in the evening or on the weekend, the Company utilizes and ‘on call’ program which ensures one of the senior Customer Relations Specialists is available via cell phone to provide assistance.

The Company utilizes the CARES program as a way to educate employees to be sensitive to those with special needs and also to recognize certain danger signals such as change in behavior, evidence of confusion or lack of apprehension, or disability in addition to company available programs.

Thermostats & Alternative Bills for Visually Impaired Customers

Thermostats for vision impaired customers are available for those who have been medically Identified as a patient with severe vision impairment. Peoples provides and installs these devices through its CARES program. Customers can also request large print bills or Braille bills depending upon their needs. The company partners with the Western PA School for the Blind Children to prepare Braille bills.

Earned Income Tax Credit Educational Outreach

Peoples promotes the Earned Income Tax Credit Program (“EITC”) to educate customers on the availability of the EITC and how to obtain the credit through the filing of their income taxes. Customers will be informed about the program through bill inserts, Peoples’ website and through referrals from our call agents and Customer Relations specialists.

Low Income Home Energy Assistance Program Outreach

The Low Income Home Energy Assistance Program or LIHEAP is an important component of CARES. Peoples identifies income eligible customers and promotes the program through bill inserts, company website, grassroots agencies, company employees and letters sent to CAP participants. Customers can obtain an application by contacting the Company via its call center or can be connected to the online application through the Company’s website.

Peoples continues to partner with state, federal and other advocacy groups to encourage full funding for LIHEAP and actively participates in the LIHEAP Action Committee.

Needs Assessment

The number of CARES referrals received in a given year varies, but a historical review of the program reflects that assistance is provided to an estimated 875 customers per year for the Peoples Division, 600 of the Equitable Division and 146 customers of Peoples Gas Company LLC. In addition to these CARES cases, outreach is provided to low-income customers to increase participation in energy assistance programs and EITC.

Program Budget

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$285,474	\$28,234	\$313,708
2020	\$293,537	\$29,031	\$322,568
2021	\$301,843	\$29,853	\$331,696
2022	\$310,898	\$30,749	\$341,647
2023	\$320,225	\$31,671	\$351,896
2024	\$329,832	\$32,621	\$362,453
Total	\$1,841,809	\$182,159	\$2,023,968

Total estimated funding amounts for the CARES program including salaries for Customer

Relations Specialists, Director, contract labor, professional development; administrative expenses and outreach efforts and materials.

Plans to Use Community Based Organizations

The CARES Program is administered internally through the specialists who network with social service agencies throughout the Peoples' eighteen county service territories to develop partnerships, stay informed of the available programs and to better serve low income customer needs.

Organizational Structure of Staff responsible for CARES

See Organizational Chart, page 4.

Outreach and Intake Efforts for CARES

Peoples Customer Relations specialists promote the Universal Service Programs by maintaining contact with community service organizations throughout the company's service territory. The company also promotes the programs through focused articles in bill inserts, providing information on its website, providing materials to local social service agencies and distributing materials through its Peoples Universal Service Advisory Group.

Please refer to Attachment E for a programs booklet that provides information about all of the Universal Service programs available to Peoples' customers. This booklet is distributed at local outreach events and to agencies that work with low income consumers.

Identification and Referral of Low Income Customers

Refer to the Identification and Referral of Low Income Customer information provided in the Customer Assistance Program section.

Program Integration

See Integration Methods as outlined under the Customer Assistance Program.

PEOPLES NATURAL GAS AND PEOPLES GAS Company LLC HARDSHIP FUNDS

Program Description

The Peoples Natural Gas Company LLC and Peoples Gas Company LLC Hardship Funds are partnerships with the Dollar Energy Fund. Dollar Energy Fund was founded in 1983 and currently partners with thirteen utilities in Pennsylvania. Dollar Energy Fund is an independent, non-profit organization that provides utility bill financial assistance to customers who are on a low or fixed income. Dollar Energy Fund receives donations from utility investors and individual customers. Peoples contributes \$588,500 annually to match customer donations and contributes \$126,500 for administrative costs; of that amount \$550,000 is allocated for Peoples Natural Gas customers and \$38,500 for Peoples Gas Company LLC customers with \$110,000 and \$16,500 in administrative costs respectively.

Findings and Recommendations from Independent Evaluation

1. DEF Partnership – Peoples has developed a good partnership with DEF to deliver Hardship Fund grants.
2. Customer Communication – DEF continues to work to improve the process for the customer. They are working to enhance their phone system to enable customers to use text messaging in place of speaking with a representative. This would help lower income customers whose cell phone plan includes only a certain amount of calling, but have unlimited texting.

Eligibility

The Dollar Energy Fund reviews and modifies its eligibility guidelines annually. As a fund of last resort, if gas service is off and the applicants are eligible for LIHEAP and Crisis benefits, they must apply for these benefits, when available, before applying for Dollar Energy Fund. The Dollar Energy Fund Program year is open from October 1st to September 30th, and grants are provided until available funds are exhausted. Customers must be at or below 200% of the poverty level to qualify for a grant. In addition, the customer must have made a sincere effort of payment, which is defined as having paid at least \$150 toward their utility bill over a ninety-day time period. Applicants under the age of sixty-two must have a balance of at least \$100 on their account to be eligible to apply. Applicants over sixty-two years of age may have a zero balance or greater to be eligible to apply and must have made at least one \$100 payment in the last six months. CAP participants are deemed as having made a sincere effort to pay if their payments in the last 90 days are equal or greater than two CAP payments if such amount is less than the generally required \$150 or \$100 dependent on the customer's age. The applicant's account must be a residential heating account. Non-heat accounts and commercial accounts are not eligible for assistance from the Dollar Energy Fund.

Needs Assessment

Participation in the Hardship Fund is impacted by customer donations. A historical review of both divisions was used to estimate the number of customers who will receive assistance from the Hardship Fund.

Enrollment Levels

During the 2017-2018 program year, Peoples customers, including those of the former Equitable Gas Company, received a total of \$1,177,000 in grants. This includes the matching grant from Dollar Energy Fund.

Program Budget

The Company continues to explore ways to increase customer donations to assist in meeting the matching funds as well as to encourage Dollar Energy Fund to increase its fund raising programs. The below budget is reflective of the amounts provided by Peoples shareholders in support of the Hardship Grants and does not include administrative donations nor customer donations.

	Peoples Natural Gas	Peoples Gas Company LLC (formerly PTWP)	Total
2019	\$550,000	\$38,500	\$588,500
2020	\$640,000	\$48,500	\$688,500
2021	\$640,000	\$48,500	\$688,500
2022	\$640,000	\$48,500	\$688,500
2023	\$640,000	\$48,500	\$688,500
2024	\$640,000	\$48,500	\$688,500
Total	\$3,750,000	\$281,000	\$4,031,000

Budget increases in 2020 and subsequent years are the result of the approval of the acquisition of the Peoples Companies, approved by the PA PUC in January of 2020. This settlement provided an increase of \$100,000 in Hardship Funding per year. \$90,000 of this increase was allocated to Peoples Natural Gas while \$10,000 was allocated to Peoples Gas. This allocation reflects the allocation of residential customers between the two companies. (As of January 31, 2020, Peoples Natural Gas served 582,876 customers while Peoples Gas served 58, 129.)

Community Based Organizations

Dollar Energy Fund partners with community-based organizations to accept applications. Peoples' customers may be referred to any Dollar Energy Fund community based screening agency to complete an application. Dollar Energy Fund developed an on-line application process entitled "I-Partner" which enables the Company to review grant applications more quickly. Peoples plans to continue to use Dollar Energy Fund Community Based Organizations as a

means for customers to apply for Dollar Energy Fund grants. These agencies work closely with the Company and refer eligible customers to CAP, LIURP and CARES as well. The Company will continue to explore ways to streamline the application process for its customers.

Organizational Structure of Staff responsible for Hardship Funds

See Organizational Chart, page 4.

Outreach Efforts

Peoples promotes Dollar Energy Fund and encourages customer donations in a number of ways including:

- Providing information about the program in bill inserts new customer welcome packet, press releases, and bill messaging to encourage customers to contribute to the Dollar Energy Fund by adding a dollar or more to their utility payment.
- A Dollar Energy Fund Pledge form is provided on the back of the bill to allow customers to designate a particular donation amount to be added to their bills on a monthly basis.
- Dollar Energy Fund is promoted on the Company's website and is available for customers who elect to receive their bills electronically.
- Sponsorship of the Dollar Energy Fund FAN Golf Outing Classic and Annual Luncheon. Cold Down for Warmth activities included an advertisement to encourage donations.
- Promotional activities with Lernerville Speedway including radio interviews, advertisements and special recognition during the races.
- Sponsorship of promotional events at the Altoona Curve, Minor League Baseball Team.
- Development of a signature event in partnership with Hearth and Home entitled the Warm Your Hearth...Touch a Heart Campaign featuring television advertisements, annual reception, and silent auction and matching donations from Hearth and Home.
- Peoples' employee support is encouraged through donations that are made on "Casual Fridays."
- Pittsburgh Pirates "Bring on the Heat" campaign where Peoples pledges a donation to Dollar Energy Fund for each strikeout.

Customers referred to the Universal Service Programs are screened for Dollar Energy Fund eligibility and referred to the program. Training is conducted for Customer Service Supervisors and representatives so that they can make referrals to eligible customers.

Identification of Eligible Customers

See information outlined under Customer Assistance Program.

Integration of Programs

See Integration Methods as outlined under the Customer Assistance Program.

SUPPLEMENTAL INFORMATION

Supplemental Information

The information included in this packet falls into two categories.

1. New information that has not yet been submitted either formally or informally to the Bureau of Consumer Services.
2. Information that was shared informally with BCS staff and other parties in the preceding months.

New documents

- Needs assessment identifying eligible households for the Low Income Usage Reduction Program.
- Projected participation levels for the Hardship Fund.

Copies of Information Previously Shared Informally

- Questions and responses shared informally between BCS, Peoples and other parties to the USECP proceeding.
- CAP projections, updated 2/28/20
- CAP projections specific to customers with incomes between 151 and 200% Federal Poverty Levels.

Additional Needs Assessment Data – submission 4/23/20

Confirmed Low Income Counts

	Up to 150% FPL	151 to 200% FPL
Peoples Division – PNG	84,437	13,416
Equitable Division – PNG	58,791	8,549
Peoples Gas	13,159	2,472

LIURP Eligible Accounts – Peoples Natural Gas

Each January, Peoples Natural assesses eligibility of current accounts, identifying customers that meet the following eligibility requirements of LIURP. Namely:

- Annual income at or below 150% of Federal Poverty Level
- Annual natural gas usage at or above 140 MCF
- Active service for a minimum of 12 consecutive months.
- Have not received weatherization services within the past 7 years

When this analysis was conducted in January of 2020, the following accounts were identified as potentially eligible for LIURP services:

	Number of potentially eligible	Percentage of total
Equitable Division	5,081	42%
Peoples Division	6,906	58%
Total	11,987	

LIURP Eligible Accounts – Peoples Gas

Each January, Peoples Natural assesses eligibility of current accounts, identifying customers that meet the following eligibility requirements of LIURP. Namely:

- Annual income at or below 150% of Federal Poverty Level
- Annual natural gas usage at or above 120 MCF
- Active service for a minimum of 12 consecutive months.
- Have not received weatherization services within the past 7 years

When this analysis was conducted in January of 2020, the following accounts were identified as potentially eligible for LIURP services:

	Number of potentially eligible
Peoples Gas	845

Hardship Fund Participation

	Peoples Natural Gas	Peoples Gas
2019 Actual	2,663	197
2020 Projection	3,050	230
2021 Projection	3,050	230
2022 Projection	3,050	230
2023 Projection	3,050	230
2024 Projection	3,050	230
2025 Projection	3,050	230

3017641 PNGC 2432515 Petition to Amend 2015-2018 USECP

1. NGDCs and EDCs are required to provide cost and enrollment impacts in their addendums for any new universal service provision that they propose to implement. The 2015-2018 USECP Addendum does not address how the proposed PIP changes may impact CAP enrollment or CAP budgets and costs. These projected numbers should be provided. Annual enrollment estimates can be based on the entirety of all changes. Annual cost estimates should be projected for each individual proposed change.
2. The Addendum at Item 1b (bullet point 3) states that the \$5 CAP Plus charge will be eliminated. However, the information presented in the Amended 2015-2018 USECP differs at page 6, where CAP Plus is still being charged to Peoples Division CAP customers. Is the information on page 6 a typo or does Peoples plan to continue to charge Peoples Division CAP customers a \$5 CAP Plus charge?

In keeping with the discussion on page 31 of the Commission's Order of September 19, 2019, notably "However, each utility CAP payment plan should be designed to ensure a household's total CAP bill – including any add-ons such as PPA co-payments or CAP Plus charges – will not exceed the Commission's energy burden threshold.", Peoples has proposed elimination of both the CAP Plus and pre-CAP copayment add-on. Peoples has proposed setting CAP payments to the maximums allowed in the Order and therefore any charges above those PIP amounts would result in exceeding the threshold.

3. The USECP does not specify that only the combined gross income of all adults in a residential household who benefit from the public utility service will be counted for CAP eligibility. Is this intentional?

Peoples' USECP has not historically described every aspect of income. However, its internal processes through its CAP administrator are designed to meet Commission guidelines. Regarding this specific issue of income from adults, Peoples has implemented a change to its eligible income process at DEF effective 2/1/20, as described in the addendum, that excludes earned and unearned income of minors.

4. Peoples states in its Addendum at Item 2 that CAP customers must call Peoples when they transfer service within Peoples Service Territory to advise and establish CAP at their new address. This information should be integrated into the USECP. (No page numbers but should be integrated into the eligibility section.)

5. Identify the potential impact of the proposed PIP levels on CAP customers who receive LIHEAP. Specifically, Peoples should provide an analysis for each income tier (0%-50%, 51%-100%, and 101%-150%) to determine (1) whether LIHEAP will result in no payment responsibility for CAP customers and, if so, the average length of time; and (2) the projected amount of unused LIHEAP funds that may be returned to DHS.

Also see questions 22-24.

Peoples Proposed 2019-2024 USECP – Possible Issues for Tentative Order

Overview (page 1)

1. Page 1 states, “The Plan incorporated the best practices of the Peoples and Equitable Divisions of Peoples Natural Gas and included an expansion of the Customer Assistance Program under a Pilot that allowed for participation for customers with significant balances and incomes between 151 and 200% of the Federal Poverty Levels.”

Peoples should explain what E-CAP is and how it changed from a pilot to being fully integrated into the CAP for the 2019-2024 USECP. Peoples should also provide separate enrollment and cost projections for CAP customers between 151%-200% of the FPIG based on the proposed 7% PIP level.

The expansion of the CAP program to customers with incomes between 151 and 200% of FPIG was approved as a pilot in the exiting USECP (2015-2018). When Peoples held its pre-filing conference with BCS in 2018, prior to submitting the proposed USECP, Peoples was instructed to integrate its former pilot into its CAP program section which it did.

Enrollment and cost projection information will be provided.

Organization (pages 3-4)

2. The USECP mentions that educating employees on Universal Service programs is a key focus for Peoples. Can you explain how this education is conducted and what it consists of?

Training is provided to customer service agents as they are hired and is repeated annually to the entire customer service team (call center, credit and billing). This training is focused on poverty awareness and sensitivity. It includes an overview of all programs, energy assistance options, and provides information to agents on how to guide customers to this assistance. It also includes information regarding Protection From Abuse orders and emphasizes identification of customers with special needs that may result in barriers to their receiving assistance such as inability to visit a Hardship Fund office or providing income documentation in order to enroll in CAP.

Additionally, our field employees are trained to look out for customers with special needs and refer them directly to Peoples’ Customer Relations team via a dedicated phone line.

Such referrals include elderly customers facing termination that need help resolving the situation; customers found to have leaking gas lines or failed heating appliances who do not appear to have the means to manage, etc.

Modifications Since Last Plan (page 6)

3. Peoples notes in this section that they have increased visibility of enrolling in CAP in person. How did Peoples increase visibility?

The easiest way to enroll continues to be over the phone as this reduces travel time and expense and is a smooth call transfer from Peoples' call center to DEF's call center. As noted on page 6, in the same sentence regarding increasing visibility, Peoples noted that it has trained its agents to offer the ability to apply at an agency if the customer would prefer. Regarding increasing visibility, we have worked with our agency partners, who are members of our Universal Service Advisory Group, to remind them customers can apply for CAP at an agency and have encouraged our agency partners to become DEF partner agencies as well so they may directly accept applications for CAP and Hardship Grants. Further, we implemented changes to our Hardship application process so that all customers applying in person for a Hardship grant will be offered enrollment in CAP if their Hardship grant will not pay their current balance in full.

Eligibility Criteria (pages 6-7)

4. The USECP states, "An applicant with an outstanding balance may enroll in CAP upon initiation of service once restoration requirements are met." What are the referenced restoration requirements? What does the customer have to pay to restore service and re-enroll in CAP? CAP arrears or something else?

Restoration amounts can vary depending on the number of prior broken payment arrangements and whether the customer previously participated in CAP. CAP customers whose service is terminated can restore into CAP by paying CAP arrears. Non-CAP customers, who are CAP eligible, would be required to pay the restoration amount, which is based on number of broken agreements, and can then roll the remaining balance into CAP.

5. Peoples mentions that it will accept CAP program information from other Dollar Energy Fund (DEF) administered programs as verification of income. How does the

customer provide this authorization? How is the authorization documented? Who/which utility retains any authorization documents? How is the information transferred?

The customer can verbally agree to the use of the existing income documentation that was provided to enroll/recertify in another utility CAP for which DEF is the administrator. The customer's verbal approval is recorded in the interaction record in Peoples' billing system and also noted in DEF's system. Income documents for all programs are housed in DEF's system and can be viewed by agents when enrolling customers in any utility's CAP.

6. Peoples states in its Addendum at Item 13 that they are compliant with initiating collection activity for CAP accounts when a customer has no more than two in-program payments in arrears and that customers are not removed or defaulted from CAP as a precursor to termination for non-payment.

Page 7 of the USECP states, "The Company will follow its collections procedures for customers who fail to meet their CAP payments in a timely manner. In all cases, the Company reserves the right to delay termination based on individual, extraordinary customer circumstances." The collections procedures should be described in greater detail. How are "extraordinary customer circumstances" defined/determined for the right to delay termination cases?

While Peoples has the right to terminate service following two missed CAP payments, the Company recognizes that customers presenting with special needs should be given due consideration of those needs in determining if termination is appropriate at that time. Those decisions are made on a case by case basis through review by our CARES representatives who are certified social workers. Peoples' CARES representatives work with case workers who are handling a particular's customer's case, the Department of Aging and other groups and will hold termination when it is the best interest of the health and safety of the consumer. In those cases, Peoples assists the consumer or their representative in accessing energy assistance and may provide a temporary hold on termination until those assistance programs are open for applications.

Program Dimensions (pages 9-11)

7. In the CAP Recertification section, it is outlined that Peoples sends out a 60-day reminder letter followed by a 30-day reminder letter to remind CAP customers to submit

their income documentation. Has Peoples considered attempting the addition of a phone call or other type of contact within 5-10 days of the recertification due date?

Peoples, through its CAP administrator, has initiated phone calls to customers that have not responded to letters regarding recertification when time allows. For example, during the winter months, when calls to apply for CAP are at their lowest, agents make outbound calls to encourage recertification. We are also exploring other methods such as text and email recertification through Dollar Energy Fund as we work with them to roll out the online application.

8. The Plan states that, “Unjustified CAP credits in excess of \$1,000 may result in removal from participation in CAP.” The Plan should specify how CAP credits are determined to be “unjustified.” In its 2015-2018 USECP proceeding, Peoples indicated that its exemptions for justified usage are consistent with the consumption exemptions in the CAP Policy Statement. This should be specified in the Proposed 2019-2024 Plan.

Default, Termination Conditions and Requests for Removal (pages 11-12)

9. The USECP states that the usage of natural gas for recreational purposes are prohibited.

How does Peoples find out about these non-essential gas appliances? Are customers expected to disclose this during the application process? If Peoples is aware of the non-essential gas appliance(s), are they periodically checked to ensure the customer is not using them?

Recreational use of gas equipment is atypical. We had a situation a few years ago, when reviewing a home for LIURP weatherization, that we found the homeowner was using natural gas to heat a swimming pool in the home. This customer was removed from CAP. This has been the only removal of a customer under this provision. The CAP credit and excess usage reviews would typically identify these types of gas use and if found, would result in the customer being removed from CAP unless he/she agrees to disconnect their recreational gas appliance completely.

Identification of Specific Steps to Identify and Enroll Low-Income Customers (page 14)

10. This section notes that call agents refer customers to the administrator to enroll in CAP over the phone or apply in person if necessary. There is no mention of written applications. However, the Addendum notes at the Item 3 response that Peoples does not use a paper application.

The Plan should go more in-depth on DEF processes Peoples CAP applications and recertifications. The Proposed 2019-2024 Plan should outline the process that CAP applicants follow (*i.e.*, how they apply, who they contact, what application mediums are accepted and that paper applications are not, etc.).

Enrollment and Budget Projections

11. The Plan does not provide annual enrollment projections for CAP (2020-2024) or Hardship Funds (2019-2024). These projections are needed for both Peoples Natural Gas and Peoples Gas Company. Additionally, projected CAP budgets for 2019 are needed for both Peoples Natural Gas and Peoples Gas Company.

Given that 2019 is a historical period, a projected budget would not be of benefit. Should 2019 actuals be provided in lieu of a budget?

LIURP Independent Evaluation Findings and Recommendation (page 15)

12. Under Coordination, it states that coordinated jobs were 17 in 2014, 23 in 2013, and 33 in 2012. Why did these numbers decrease over time?

The time period in question was managed by Peoples' former administrator, Conservation Consultants, Inc. Coordination of jobs is a goal of the LIURP program, but is not always possible due to inability to coordinate with the electric company and/or state program. Peoples' has increased its coordination a great deal under its new administrator. 2019's initial results show 190 coordinated jobs for Peoples Natural Gas alone.

LIURP Modifications Since Last Plan (pages 15-16)

13. Renters must have the gas account in their name and receive landlord permission to participate. Rental units must be metered separately and have individual heating systems. How is landlord permission accepted (*i.e.*, written, verbal, form, etc.)?

Landlord permission is provided through signature of a form.

14. The Plan states a general guideline of \$500 per job for health and safety is provided with the understanding that the auditor may recommend measures of up to \$1,000 if necessary. What measures are identified as health and safety?

Health and safety measures are any measures taken to ensure the health and safety of the home that do not have a usage reduction benefit. For example, correction of an improper

venting situation with a water heater is a critical item, but does not result in energy savings, therefore it is classified as health and safety.

15. The Plan states that participants who do not experience a reduction in pre-treatment usage (*i.e.*, non-savers) participate in a Non-Savers Survey which attempts to identify the reasons for current usage. What happens if they don't participate in the survey? What remedial action is taken if the customer continues to have a high increase in consumption one year after the program measures have been completed?

In addition to the surveys, Peoples sends its Energy Consultants to customer homes to learn more about the usage patterns and causes for non-saving.

Outreach and Intake Efforts for LIURP (page 19)

16. The Plan states that the LIURP Administrator receives a list from Peoples of potentially eligible customers each year. The list is then used to contact customers via mail and phone to inform them about LIURP and offer enrollment. What is the process for this? At what point does the administrator stop pursuing a potential participant?

The administrator uses multiple methods including phone calls and direct mail. Multiple attempts are made, particularly for those with very high usage levels.

Emergency Furnace/Service Line Repair Assistance Pilot (page 20)

17. The Plan states that the pilot program participants are restricted to homeowners (renters are not eligible). Consistent with settlement terms concerning Universal Service Programs and commitments to low-income customers by Commission Order entered January 24, 2020, at Docket No. A-2018-3006061, a maximum of 25% of the annual emergency furnace repair budget will be made available for renters. The settlement terms state that the Peoples Companies will include in their 2022-2024 USECP filing a breakdown of dollars spent annually on renters versus homeowners and will make a recommendation about whether the 25% cap should be raised or eliminated. (Order at 136, Section 101.)

Since this information isn't in the current USECP, when will Peoples add this information to its USECP?

The acquisition of Peoples by Aqua America has not yet closed. Until ownership transfers, this provision will not take effect. Once ownership has transferred, Peoples will file an amendment to its USECP to reflect this and any other changes resulting from the acquisition settlement commitments.

Hardship Funds Eligibility General Question (pages 28-31)

18. We have been made aware of instances where new or unstated eligibility criteria were introduced by utilities and/or DEF. Consistency and clear eligibility criteria are important in order to ensure program integrity and fair customer treatment.

Clarification is requested on whether the stated eligibility requirements apply to all customers seeking Hardship Funds or if Peoples or DEF use discretion on a case-by-case basis. If the Peoples or DEF determine Hardship Fund eligibility on a case-by-case basis, the determination process should be explained in detail.

Peoples is unaware of ‘new or unstated eligibility criteria’ that is referred to in this question.

General Questions

19. Does Peoples have a record retention policy related to universal service programs? If so, what is it?

Peoples’ records for universal service programs are maintained in accordance with NARUC preservation of records requirements.

20. Do you offer a way for customers to donate to the Hardship Fund electronically as part of e-billing?

This is not currently available, but it is planned for a future enhancement. An implementation timeframe is not currently available.

21. Does Peoples limit, reduce, or prohibit CAP benefits (*i.e.*, allowing arrearage forgiveness only) to customers living in housing subsidized by the U.S. Department of Housing and Urban Development (HUD)?

No

Addendum Questions and General Comments

22. Peoples states in its Addendum at Item 2 that CAP customers must call Peoples when they transfer service within Peoples Service Territory to advise and establish CAP at their new address. This information should be integrated into the USECP. (No page numbers but should be integrated into the eligibility section.)

23. Peoples states in its Addendum at Item 13 that they are compliant with initiating collection activity for CAP accounts when a customer has no more than two in-program

payments in arrears and that customers are not removed or defaulted from CAP as a precursor to termination for non-payment.

The *Eligibility Criteria* Section on page 7 states, “The Company will follow its collections procedures for customers who fail to meet their CAP payments in a timely manner. In all cases, the Company reserves the right to delay termination based on individual, extraordinary customer circumstances.” The collections procedures should be described in greater detail.

24. CAP enrollment methods are highlighted in the Consumer Education and Outreach Plan, specifically the self-service online application. Furthermore, Item 10 of the Addendum explains how the online CAP application process works in detail. This additional enrollment method and its details should also be mentioned in the body of the USECP.

2019 Actuals per Rates

	PNG		PG	
Cap Credits	\$	9,875,472.95	\$	990,639.08
Arrearage Forgiveness	\$	3,536,047.90	\$	399,621.43
Admin Costs	\$	1,050,716.94	\$	108,628.02
Total	\$	14,462,237.79	\$	1,498,888.53

2020 Projection

	PNG		PG	
Cap Credits	\$	14,384,423	\$	1,150,803
Arrearage Forgiveness	\$	5,309,582	\$	418,085
Admin Costs	\$	1,112,909	\$	110,068
Total	\$	20,806,914	\$	1,678,956

2021 Projection

	PNG		PG	
Cap Credits	\$	14,491,625	\$	1,193,048
Arrearage Forgiveness	\$	5,415,766	\$	426,379
Admin Costs	\$	1,146,297	\$	113,370
Total	\$	21,053,688	\$	1,732,797

Notes

PNG's increase from 2019 actuals to 2020 projections also reflect the impact of the base rate increase which increased residential bills by approximately 10% for a typical user of 86 MCF. CAP customers of PNG average 104.5 MCF per year, resulting in an even larger impact on CAP Credits.

For PNG, figures provided 2/25 mistakenly included \$5 CAP Plus for all customers and \$5 pre-CAP add on for most customers.

2021 projection reflects change from 11% to 7% energy burden for CAP customers with incomes between 151 and 200% FPL as well as change in enrollment projections. When isolated, the change in energy burden results in increases to CAP Credits of \$80,010 for PNG and \$15,634 for PG.

2022 Projection

		PNG		PG
Cap Credits	\$	14,512,393	\$	1,213,795
Arrearage Forgiveness	\$	5,496,865	\$	432,846
Admin Costs	\$	1,180,686	\$	116,771
Total	\$	21,189,944	\$	1,763,412

2023 Projection

		PNG		PG
Cap Credits	\$	14,526,473	\$	1,227,777
Arrearage Forgiveness	\$	5,551,848	\$	437,204
Admin Costs	\$	1,216,106	\$	120,274
Total	\$	21,294,427	\$	1,785,255

2024 Projection

		PNG		PG
Cap Credits	\$	14,533,601	\$	1,234,542
Arrearage Forgiveness	\$	5,579,683	\$	439,313
Admin Costs	\$	1,252,589	\$	123,882
Total	\$	21,365,873	\$	1,797,737

Calculation Notes

CAP Credits	Historical customer data used as basis for income/usage calculations using proposed income percentages; adjusted to reflect enrollment projections; using rates effective Jan. 1 2020
Arrearage Forgiveness	Average AR per customer plus \$60 to due elimination of \$5 copay; multiplied by number of projected enrollees; 71% payment compliance adjustment
Admin Costs	2020 contract rate increased by 3% per year as provided in Dollar Energy Fund contracts. Assumes no changes in number of DEF agents serving the program.

CAP Participation Projections

CAP Eligibility 151 to 200% FPL

	2018		
	Peoples	Equitable	PTWP
Jan	994	570	240
Feb	1,016	583	254
Mar	1,072	630	271
Apr	1,212	708	289
May	1,273	757	291
Jun	1,270	760	285
Jul	1,220	735	278
Aug	1,228	750	277
Sep	1,215	753	275
Oct	1,225	768	273
Nov	1,267	793	279
Dec	1,290	808	278
Average/year	1,190	718	274

	2019		
	Peoples	Equitable	PTWP
Jan	1,303	815	283
Feb	1,341	849	287
Mar	1,408	901	291
Apr	1,478	956	304
May	1,538	981	318
Jun	1,475	936	302
Jul	1,419	907	274
Aug	1,392	913	271
Sep	1,359	891	260
Oct	1,341	875	257
Nov	1,336	862	255
Dec	1,318	851	258
Average/year	1,392	895	280

Two Year Average

Peoples (PNG)	1,291
Equitable (PNG)	806
PTWP (PG)	277

Annual Participation Projections

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Peoples Natural Gas	2,098	2,140	2,172	2,193	2,204
Peoples Gas LLC	277	283	287	290	291